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The Cost of Unemployment Insurance

Reorganization Plan No. 1 of 1948

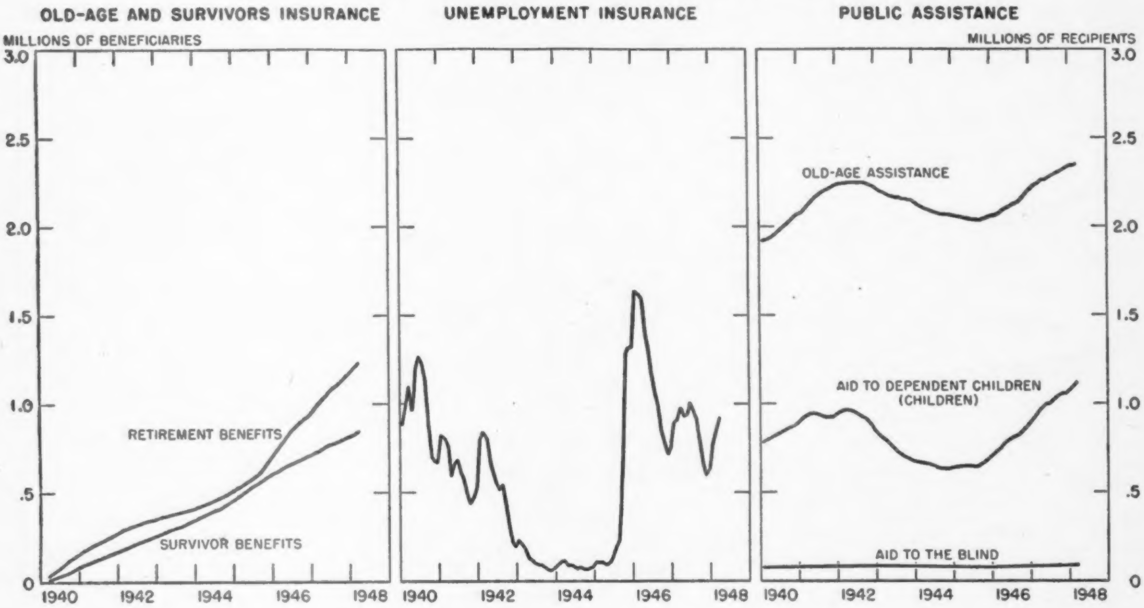
Advisory Council Report on Old-Age and Survivors Insurance

Comparison of Actual Experience With Estimates in Trustees' Reports

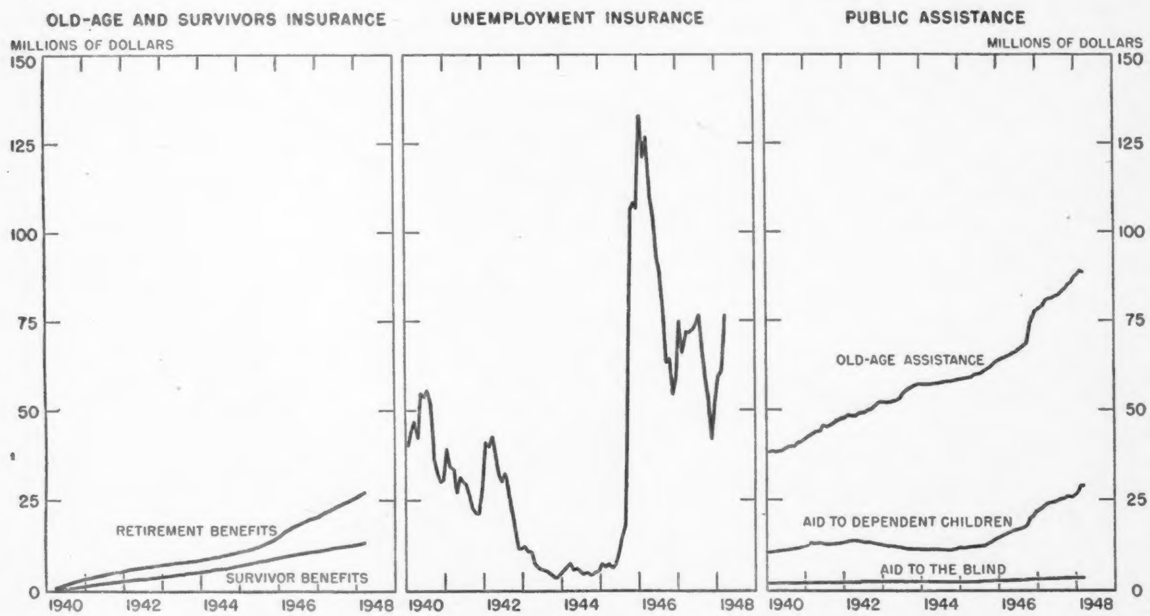
FEDERAL SECURITY AGENCY
SOCIAL SECURITY ADMINISTRATION
WASHINGTON, D. C.

*Social Security Operations**

INDIVIDUALS RECEIVING PAYMENTS



SOCIAL SECURITY PAYMENTS



*Old-age and survivors insurance, beneficiaries actually receiving monthly benefits (current-payment status) and amount of their benefits during month; unemployment insurance, average weekly number of beneficiaries for the month and gross benefits paid during the month under all State laws; public assistance, recipients and payments under all State programs.

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Volume 11 May 1948 *Number 5*

Social Security in Review

March in Review

Unemployment insurance claims in March reflected both the seasonal pick-up in farm employment and the fact that bad weather in certain parts of the country prevented farmers from hiring as many new workers as would ordinarily be expected. Initial claims, which declined in February from 967,000 to 899,500, went down still further to 885,300 in March. This decline in new unemployment was even more significant than the figures indicate, since March had more working days than February on which unemployed workers could file claims. A tapering-off in the volume of continued claims was also in evidence, as the average weekly number was almost 4,000 less than in February. Because of the longer month, however, the total number filed during March rose by 620,100, to 4,862,600. All but 12 States reported declines in initial claims, and all but four reported more continued claims than in February.

The total amount disbursed in the country as a whole was $76.6 million, or $15.8 million more than in February. The March rise was the fourth consecutive monthly increase. Benefit checks went to an average weekly number of 924,300 persons, as against 849,100 in February.

About 2.1 million beneficiaries were receiving old-age and survivors insurance benefits at the end of March at a monthly rate of $40.5 million. Though the number of beneficiaries has been rising for some time, the March increase of 39,500 was the largest for any month in the past 2 years.

New highs for monthly benefit awards were reached in March for all awards (67,400), and for awards of primary (33,000), wife's (11,300), and widow's benefits (6,000).

Estimates of employment and wages during the fourth quarter of 1947 show that 39 million workers earned taxable wages under the program, at an average wage of $438 per worker. Both figures were lower than in the preceding quarter. The total number of workers in covered industries during the last quarter of 1947, estimated at 41 million, and the estimated average wage of $622, which includes both taxable and nontaxable wages, were both larger than in July–September 1947 and in October–December 1946, in line with general increases in employment levels and wage rates. The increases did not carry over to average taxable wages, however, because of the statutory maximum of $3,000 on such wages. This factor, which usually operates to make fourth-quarter figures smaller than those for the preceding quarter, also reduced the 1947 figure for average taxable wage below that for the corresponding quarter of 1946, because relatively more workers reached the maximum of $3,000 early

(*Continued on page 52*)

In this issue:

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The Cost of Unemployment Insurance

By W. S. Woytinsky*

This is the first of two articles drawn from a technical study of the long-range cost estimates of unemployment insurance,[1] which was undertaken to clarify the implications of the cost factor for the philosophy and policy of unemployment insurance in this country. Though the long-range estimates presented in these articles are not exactly applicable to any particular State system, the concepts and methods and their tentative application to the United States as a whole should be of value to State employment security agencies and to students in the broad field of social security. As in all Bulletin articles, the opinions expressed are those of the author and do not necessarily represent official views of the Social Security Administration.

To ENSURE a clear understanding of the current functions and role of unemployment insurance in its relation to other forms of social security, long-range estimates of the costs of the unemployment insurance program are important not only when such plans are drafted or amended but also when revisions are considered in the light of changing economic conditions. In the phase of legislative planning, cost estimates serve to determine what a community—a State or the whole Nation—may do in the field of employment security without prejudicing other branches of social security and imposing excessive financial burdens on business, workers, consumers, and taxpayers. After an unemployment insurance program has been established, its cost determines its impact on the economic system and especially on the business cycle. A program that can pour into circulation, during a depression, an additional purchasing power offsetting, say, 5 or 10 percent of the losses in national income has a different role from that of a program which can compensate 50 percent of such losses. Similarly the economic role of a program that costs 1 percent of pay rolls must differ from that of a program costing 3 to 5 percent. A clear understanding of the long-run costs of unemployment insurance is therefore vital for an appraisal of the program's economic role and its effective integration with other measures of social protection.

The estimates presented in the following pages are tentative. The purpose of this article is to enable persons interested in unemployment insurance to form their own judgment on the cost of various unemployment insurance plans under various assumptions, on the possibility of their improvement, and on the best way of combining them with other measures.

Basis of Unemployment Insurance Cost Estimates in the Social Security Act of 1935

The pioneer work in estimating costs of unemployment insurance was performed by the Committee on Economic Security, appointed by President Roosevelt in 1934 to study and make recommendations on legislation to promote economic security for the individual. In its report on the factual background of the unemployment insurance recommendations the Committee described two types of cost estimates:

"In building a scheme of unemployment compensation on an actuarial basis, estimates may take two forms: (1) The rate and duration of benefits may be set, and contributions sufficient to meet the costs of such standards may be levied, or (2) contributions may be set, and benefit rates and duration may be estimated within these financial and other limitations. The first type of estimate is that commonly used in insurance schemes of all kinds; the second is based on the principle that industry can assume only a certain additional cost without suffering undue hardship, resulting, perhaps, in contraction of employment, and that consequently employers' contributions should be limited." [2]

The Committee used the second type of estimate. It assumed that the unemployment insurance system would be financed by contributions amounting to 3, 4, or 5 percent of pay rolls [3] and that weekly benefits would amount to 50 percent of the earnings lost through unemployment up to a weekly maximum of $15. Then it tried to establish the maximum number of weeks for which benefits might be paid, assuming alternative provisions for the waiting period. In other words, in its actuarial computations the contribution rate and waiting period were handled as two *independent variables,* and the maximum duration of benefits in a self-sustaining, financially sound unemployment insurance system was estimated as a mathematical *function* of these variables. Following this procedure, the Committee arrived at the conclusions summarized in table 1.

In line with the same reasoning and assuming a waiting period of 1 week, one would find that the maximum duration of benefits would have approximated 8 to 9 weeks if the contribution rate had been set at 3 percent, 13 weeks at 4 percent, and 18 weeks at 5 percent. A program providing for a maximum duration of benefits of 26 weeks after a waiting period of 1 week would have required, according to this estimate, contributions at a rate of approximately 7 percent of pay rolls.

In the light of these findings, the cost of an effective and at the same

Table 1.—*Estimated maximum weeks of benefits, 1922–33*

Waiting period	Number of weeks by contribution rate of—		
	3 percent	4 percent	5 percent
2 weeks	10	15	21
3 weeks	11	17	24
4 weeks	12	18	26

Source: Committee on Economic Security, *Social Security in America*, p. 87.

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[1] W. S. Woytinsky, *Principles of Cost Estimates in Unemployment Insurance*, 1948.

[2] Committee on Economic Security, *Social Security in America*, 1937, p. 76.

[3] These figures included a 10-percent allowance for administrative expenses.

Table 2.—***Financial experience of State unemployment insurance systems in the United States, 1938–46***

[Dollar amounts in millions]

Item	1938–46	1938	1939	1940	1941	1942	1943	1944	1945	1946
Average rate of employer contributions (percent)	--------	2.7	2.7	2.7	2.6	2.2	2.1	1.9	1.7	1.5
Taxable wages [1]	$412,873	$25,665	$28,411	$30,107	$38,677	$49,721	$59,034	$60,655	$58,512	$62,091
Collections [2]	$9,359	$819	$825	$854	$1,006	$1,139	$1,325	$1,317	$1,162	$912
Interest	$655	$21	$32	$42	$53	$68	$82	$102	$126	$129
Benefit payments	$3,712	[3] $394	[3] $429	$519	$344	$344	$79	$62	$446	$1,095
Reserve funds on December 31	--------	$1,110	$1,538	[4] $1,187	[5] $2,524	$3,387	$4,215	$6,072	$6,914	$6,860

[1] Before 1940, most States taxed an employer's total pay roll; beginning 1940, most States taxed only the first $3,000 in wages paid by an employer to an employee.

[2] Collections during year are based on taxable wages through September of preceding year; collections also include penalties, delinquencies, and employee contributions.

[3] Only 23 States paid benefits throughout 1938; 8 additional States paid benefits during part of 1938. 49 States paid benefits throughout 1939; the last 2 began payments in July 1939.

[4] Excludes $98 million transferred to the railroad unemployment insurance program.

[5] Excludes $8 million transferred to the railroad unemployment insurance program during the year.

time self-sustaining unemployment insurance program appeared prohibitive indeed. The Committee tried, therefore, to develop an alternative estimate fitted to a lower standard of financial solvency.

The estimates given above were based on the assumption that the United States would pass through a period of business fluctuation as in 1923–33, with a similar boom and depression and mass unemployment of the same duration and severity as in the early 1930's. The reserves accumulated throughout the first 7 years of such a hypothetical period would finance the benefits to eligible employees throughout the depression.

"It is possible," the report pointed out, "to estimate the maximum duration of benefits on another basis, assuming that all funds contributed during normal years and years of minor depression are expended within those years. This will mean that the emergency of a major depression with its reduced contributions from lowered pay rolls and its increased obligations for the payment of benefits to the eligible unemployed will bankrupt the unemployment compensation fund. Government subsidy or borrowing to restore the solvency of the fund or other Government provisions for the unemployed will then be necessary." [4]

Using this assumption and referring to the period 1923–30, the Committee concluded that a contribution of 3 percent of pay rolls would be sufficient to pay benefits up to 17 weeks if the waiting period was set at 2 weeks, up to 19 weeks with a 3 weeks' waiting period, and up to 22 weeks if benefit payments started 4 weeks after the termination of employment. The maximum duration of benefits for a system with a waiting period of 1 week and a contribution rate of 3 percent would have amounted, according to this estimate, to 14 or 15 weeks.[5]

Experience has revealed that these estimates were extremely "conservative" from the point of view of the insurance carrier. In fact, the Committee assumed a very high level of unemployment and a very unfavorable pattern of distribution of unemployed workers by duration of unemployment intervals. The source of the bias was in the statistics at the Committee's disposal and to some extent in their interpretation.

The computation relied essentially on a hypothetical model of distribution of employment and unemployment in covered industries in each year from 1923 to 1933. To develop this model, total unemployment in the United States as estimated by experts was distributed between the "compensable" and "noncompensable" labor force. In accordance with the industrial composition of the two sections of the labor market, the largest volume of unemployment was assigned to the labor force that would be covered by the unemployment insurance system. It was estimated that, on the basis of occupation and size-of-firm requirements, only 43 percent of the employed gainful workers but as much as 72 percent of the unemployed throughout the country would be covered by unemployment insurance.[6] The representativeness of the period 1923–33 as a typical cycle is open to question. However, even if we assume that the periods 1923–30 and 1923–33 are representative, it is not likely that the percent of unemployed in the covered group would be so much higher than the percent of employed. This consideration would seem to explain why the cost estimates prepared by the Committee have been too high.

Despite these shortcomings, the estimates used by the Committee had two unquestionable merits: as has been said, they represented pioneer work in a field that had not been explored before in this country; and they stressed the necessity of a cautious approach to the new branch of social security in the early phase of operation.

Actual Cost of Unemployment Insurance, 1938–46

From the point of view of costs, the first decade of operation of unemployment insurance in this country appears as a period of experimenting with various eligibility provisions, various benefit formulas, and various contribution rates. In all States the statutory provisions have been revised and the contribution rates changed time and again. The prevailing tendency in the revision of benefit formulas has been to give more protection to insured workers. The waiting period has been shortened and the maximum duration of benefit payments increased. At the same time, contribution rates have been reduced in conformity with the principle of experience rating, and requirements for eligibility have been changed.

In terms of cost, the development of the system since its inauguration may be described as a trend toward better insurance at reduced cost. The two tendencies are not contradictory. The experience of employers in a period of rising employment entitled them to a reduction in contribution rates, and at the same time one State after another concluded

[4] Ibid., p. 88.

[5] All these computations refer to the United States as a whole.

[6] Ibid., p. 79.

that its unemployment insurance program could be liberalized without additional contributions. Apart from political and ideological factors, this development of State unemployment insurance programs was controlled by the upward trend in economic conditions.

The payment of unemployment benefits started in 30 States during 1938, at the low point of the recession. From the point of view of benefit costs, therefore, the system was put to a severe test in the first year of operation. In single States, current outlays exceeded collections and the problem of solvency was among the principal preoccupations of the new agencies. Very soon, however, as the recovery progressed and the defense program started, the load of benefits began to decline. This development was interrupted temporarily in 1940, in the initial phase of conversion of industries to military needs, but the set-back was mild and of short duration. The war boom had developed before the country entered the shooting war. In 1942, shortages in the labor force became the pivotal problem of the labor market.

Thereafter the unemployment insurance system operated under conditions of more-than-full employment. It had more than 3 years to prepare itself for the reconversion, and it entered the new emergency with considerable experience, greatly liberalized benefit formulas, and huge reserves accumulated during the war. The load of reconversion unemployment did not turn out to be overwhelming. And since it was shouldered partly by the provisions of the Servicemen's Readjustment Act of 1944, the State unemployment insurance programs had no difficulty in meeting their part of the costs. Most States could cover their outlays by current contributions, although the rates had been reduced during the war on the basis of experience rating. Other States paid out in benefits a little more than the current contributions and interest on their reserve funds, and they met the difference from those funds. This operation did not weaken the financial stability of the respective funds, however. It appears, rather, that at the end of the reconversion their financial status was stronger than before. In 1944 or 1945 the State agencies were facing a vague but imminent danger—a postwar unemployment of unpredictable severity that might threaten the solvency of their reserve funds. When the danger was past, some of the State agencies emerged from the trial with increased reserves and others with slightly reduced funds, but all were freed from the potential liability of a heavy volume of reconversion unemployment.

The financial experience of the unemployment insurance system during those years is summarized for the United States as a whole in table 2. In the 9-year period 1938–46, State unemployment insurance agencies collected in contributions approximately $9.4 billion, earned in interest an additional $655 million, and spent for benefits $3.7 billion, about 40 percent of the total amount collected or 0.9 percent of taxable wages.

This ratio of benefits to taxable wages, however, does not represent the typical average cost of unemployment insurance throughout a business cycle or a longer period. The surveyed period is no more typical than that from 1922 to 1933, on which the Committee on Economic Security based its actuarial estimates. Although the period 1938–46 included some years of relatively high benefit loads (during 1938 and during the conversion and reconversion periods), it also included the extremely low benefit experience of the war period. All in all, the average cost of unemploy-

Table 3.—*Hypothetical number of unemployed persons in specified compensable-duration intervals, per 100,000 workers, assuming various unemployment and separation rates*

Unemployment as percent of labor force	Separation rate per 4 weeks as percent of employed labor force							
	1	2	3	4	5	6	7	8
	Compensable-duration interval of 2 to 16 weeks							
1	645	567	502	449	410	380	355	335
2	1,232	1,291	1,219	1,136	1,063	1,000	945	899
3	1,630	1,930	1,939	1,872	1,792	1,710	1,635	1,566
4	1,902	2,454	2,593	2,586	2,527	2,448	2,365	2,286
5	2,091	2,879	3,168	3,248	3,235	3,180	3,106	3,026
10	2,495	4,048	5,028	5,651	6,041	6,280	6,416	6,483
15	2,560	4,453	5,863	6,919	7,711	8,306	8,751	9,079
20	2,516	4,546	6,187	7,524	8,613	9,501	10,227	10,820
25	2,420	4,480	6,234	7,735	9,019	10,120	11,065	11,876
30	2,298	4,329	6,114	7,698	9,095	10,336	11,433	12,411
35	2,161	4,117	5,889	7,490	8,944	10,261	11,458	12,554
40	2,016	3,872	5,584	7,168	8,628	9,975	11,223	12,374
45	1,860	3,604	5,236	6,759	8,191	9,527	10,786	11,963
50	1,700	3,312	4,840	6,288	7,661	8,960	10,191	11,358
	Compensable-duration interval of 2 to 22 weeks							
1	686	579	502	449	410	380	355	335
2	1,416	1,374	1,260	1,157	1,075	1,007	949	902
3	1,966	2,146	2,067	1,950	1,841	1,743	1,659	1,583
4	2,368	2,824	2,847	2,758	2,645	2,532	2,425	2,330
5	2,664	3,407	3,573	3,546	3,454	3,342	3,229	3,119
10	3,354	5,182	6,186	6,731	7,008	7,127	7,152	7,119
15	3,515	5,906	7,543	8,667	9,437	9,959	10,305	10,523
20	3,493	6,148	8,174	9,729	10,921	11,834	12,451	13,064
25	3,384	6,137	8,382	10,219	11,722	12,955	13,965	14,793
30	3,229	5,981	8,323	10,327	12,039	13,505	14,759	15,836
35	3,048	5,728	8,089	10,168	12,003	13,624	15,055	16,326
40	2,848	5,414	7,728	9,819	11,707	13,412	14,954	16,349
45	2,635	5,058	7,283	9,329	11,212	12,943	14,540	16,010
50	2,418	4,670	6,777	8,748	10,601	12,324	13,934	15,438
	Compensable-duration interval of 2 to 28 weeks							
1	701	579	502	449	410	380	355	335
2	1,515	1,404	1,269	1,161	1,077	1,008	950	902
3	2,186	2,247	2,115	1,973	1,853	1,749	1,661	1,584
4	2,706	3,031	2,960	2,821	2,681	2,554	2,439	2,339
5	3,105	3,732	3,778	3,674	3,534	3,394	3,263	3,142
10	4,108	6,067	6,996	7,413	7,562	7,571	7,506	7,401
15	4,394	7,143	8,871	9,955	10,624	11,024	11,246	11,347
20	4,414	7,576	9,851	11,493	12,676	13,524	14,011	14,544
25	4,306	7,656	10,270	12,315	13,914	15,167	16,144	16,905
30	4,129	7,523	10,320	12,536	14,534	16,109	17,410	18,486
35	3,910	7,253	10,117	12,573	14,681	16,493	18,049	19,390
40	3,662	6,890	9,736	12,248	14,469	16,432	18,167	19,701
45	3,397	6,460	9,222	11,721	13,976	16,015	17,859	19,528
50	3,113	5,973	8,610	11,033	13,263	15,312	17,197	18,935

ment insurance in this period was probably lower than it would have been through a typical business cycle, with an unemployment rate ranging from 5 percent at the peak of prosperity to 15 percent at the trough of the depression. Moreover, as was mentioned before, the State unemployment insurance programs underwent important changes in the 9 years under consideration. Therefore, if 0.9 percent of taxable wages were accepted as the average cost of unemployment insurance from 1938 to 1946, that rate would be of little use in cost projections for various unemployment insurance programs — for example, one providing for a maximum of 26 weeks of benefit payments after a waiting period of 1 week.

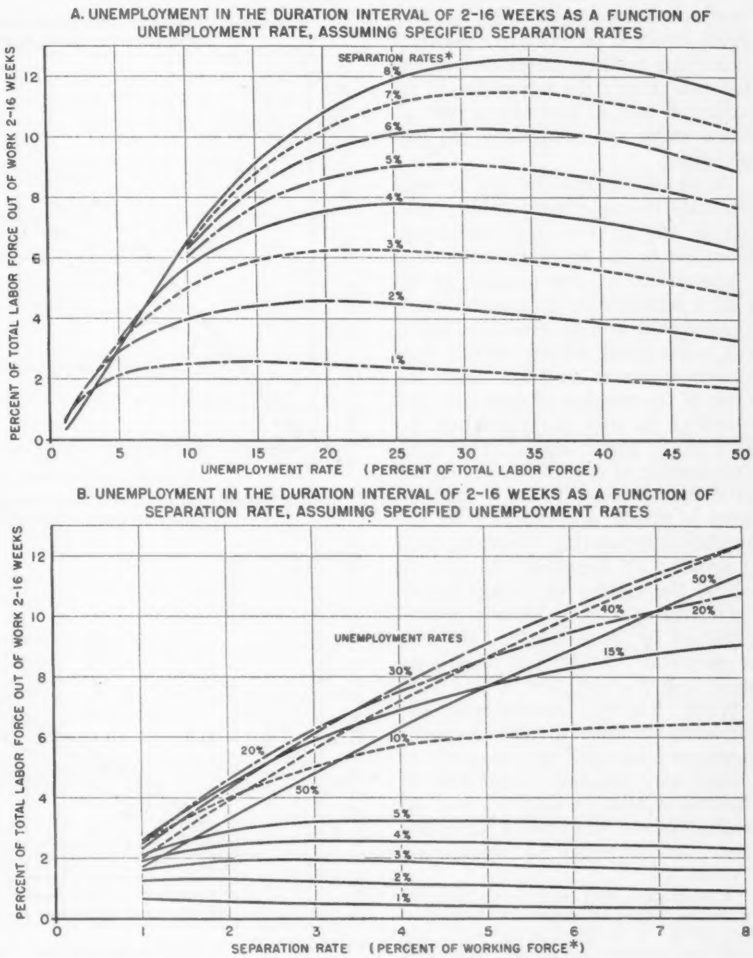
Thus the system's operating experience since its inauguration does not solve the problem of the long-range cost of the program, with definite specifications as to the duration of benefit payments, the benefit formulas, and the like. This experience seems to indicate only that the original cost estimates were too high and that an effective program would cost much less than 3 percent of pay rolls (or 2.7 percent exclusive of administrative costs). The next step, therefore, is to analyze what its precise cost may be under various conditions.

Principles of Long-Range Cost Estimates of Unemployment Insurance

For a long-range cost estimate, the operation of an unemployment insurance program should be examined under hypothetical, deliberately simplified conditions of employment, labor turn-over, withdrawal of workers from the labor market, entrance of new workers, and so on. This approach might be described as *mathematical* even though it makes no use of mathematical language or symbols. For the benefit of persons primarily interested in everyday activities of unemployment insurance, its results may be presented in illustrative tables as simple as a multiplication table. Such illustrative tables would show what would be the volume of compensable unemployment, benefit amount, or some other characteristic of the program as a result of a combination of definite factors, precisely as a multiplication table shows the product of any combination of two multipliers.

The estimates start from the assumptions that benefits are paid to individuals who have been laid off or who quit their jobs with good cause; that the benefits are paid on a weekly basis, in accordance with previous employment and earnings, and after a 1-week waiting period; and that they are restricted to a definite number of weeks per year. It is immediately recognized that the benefit load of a program of this type is controlled not by the aggregate volume of unemployment but by unemployment among definite groups of workers in definite compensable-duration intervals. This type of unemployment does not necessarily increase with the growth of the total volume of unemployment. For example, members of a family who start to look for work during a depression because the usual breadwinner is unemployed are not eligible for benefits. In the advanced phase of a depression, with a rising tide of unemployment, the number of individuals who have exhausted their benefit rights may increase more

Chart 1.—*Hypothetical percent of total labor force in the compensable duration-of-unemployment interval of 2 to 16 weeks, assuming specified separation and unemployment rates*



*Percent of employed labor force per 4 weeks.

rapidly than the number of newly laid-off workers who are eligible for benefits.

Still more important in estimating the cost of unemployment insurance is another factor. Under the impact of a long spell of heavy unemployment, labor turn-over may become so slow that a rigid segregation develops between employed workers and those out of work. In this event, hard-core unemployment will grow, while the number of persons in compensable-duration intervals drops to a negligible fraction of the total volume of unemployment. Theoretically, benefit loads of an unemployment insurance system may be at a low point in the midst of a severe depression. On the other hand, industrial shifts may cause considerable unemployment in compensable-duration intervals in a period of improving business conditions, as was the case during the conversion of industry in 1940–41 and during 1946–47, when there was practically full employment.

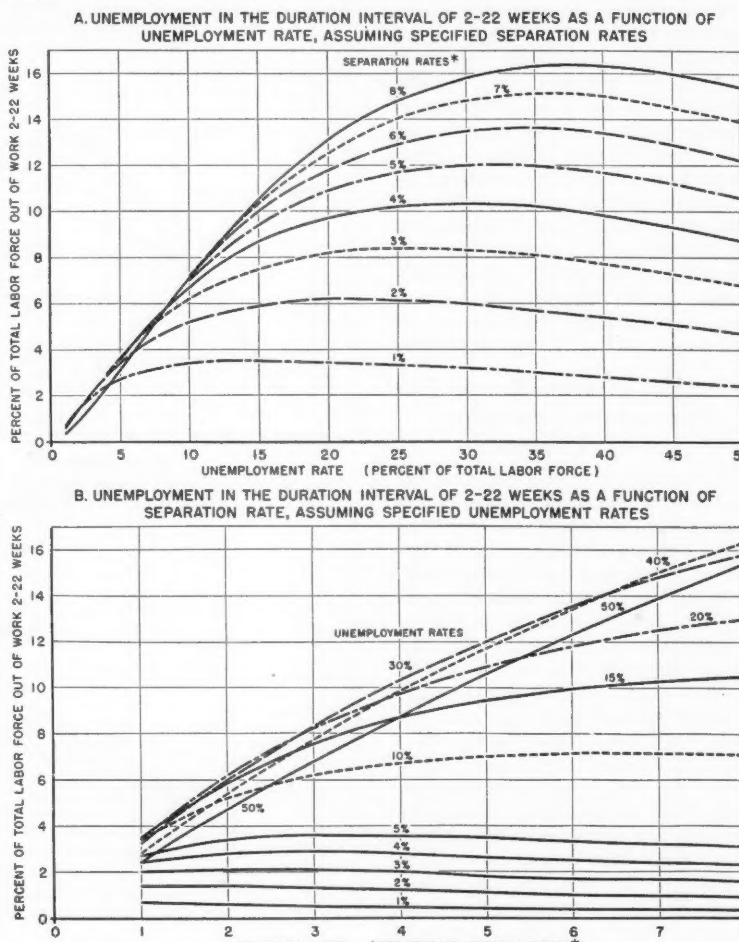
In general terms, the size of compensable unemployment is controlled not by the level of total unemployment but by the fresh unemployment —essentially by the number of effective separations,[7] on the one hand, and the chance of the separated worker's being hired, on the other. This chance depends, in turn, upon the ratio of the number of openings (accessions) to that of applicants, including the newly separated workers. The number of openings is in balance with that of separations if employment is steady, and differs from the number of separations if employment is growing or declining. In general terms, the chance of reemployment for separated workers is therefore determined by three factors: the rate of separation, the level of unemployment, and the variation in this level.

When, however, compensable unemployment under a definite unemployment insurance program is described as a function of the rate of effective separation and the level of unemployment, one should remember that such concepts as "separation rate," "unemployment rate," "chance of reemployment," and the like have a definite meaning only for a more or less homogeneous labor force. There is a considerable difference in the load of compensable unemployment when 10 percent of the workers, in all industries and all sections of the labor force, are unemployed, and when there is practically no unemployment in half of the labor market and a 20-percent unemployment rate is characteristic of the other half.

Therefore, after a labor-market model related to *average* unemployment and labor turn-over rates has been established, the effects of the heterogeneity of the labor market and disparity in unemployment and separation rates for different worker groups should be taken into account.

Variation of compensable unemployment in a uniform labor market is studied on a hypothetical, simplified model. As the first step in the computation it is assumed that the level of unemployment is *steady*, so that, in each 4-week period, the same number of workers are separated from jobs and find their way back to employment. No attention is paid in this phase of analysis to changes in the composition of the labor force, entrance into and withdrawal from cov-

Chart 2.—*Hypothetical percent of total labor force in the compensable duration-of-unemployment interval of 2 to 22 weeks, assuming specified separation and unemployment rates*



*Percent of employed labor force per 4 weeks.

[7] A separation that leads to the filing of an initial claim is called an "effective" separation; it includes some voluntary quits but excludes cases in which individuals shift from one job to another.

ered employment, differences in firing and hiring probabilities for various groups of workers, and so forth. All the complexity of the turn-over of employment and unemployment is reduced to three variables: rate of unemployment, rate of effective separation, and maximum duration of compensable unemployment as provided by the benefit formula. On this model the impact of each of these variables upon the volume of compensable unemployment is studied.

Next, the effect of *variations* in the level of employment upon the volume of compensable unemployment is examined. The model of labor turn-over remains the same as before, but the assumption of steady employment is replaced by that of a declining or rising unemployment.

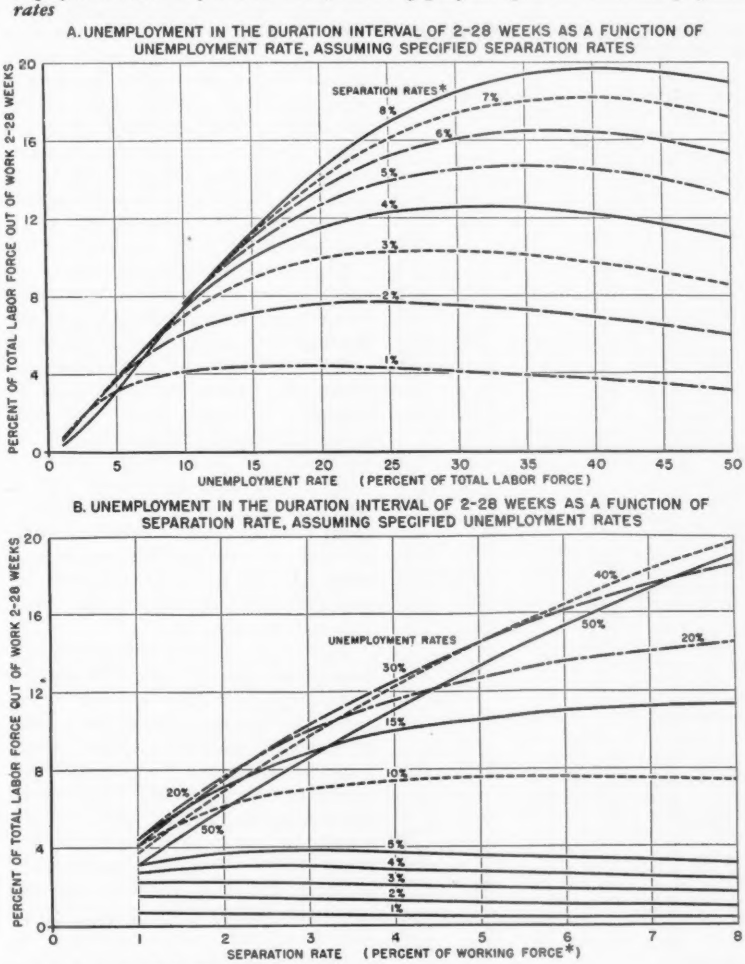
As the third step in the analysis, additional factors are introduced, and the covered labor force is examined as a *varying* universe, with workers entering and leaving the labor market and shifting between covered and noncovered industries.

The Simplest Model: Uniform Labor Market, Steady Labor Force, Steady Employment

The simplest way to estimate the volume of compensable unemployment under definite labor-market conditions is to start from the number of effective separations in the preceding period of time. If the number of workers laid off, say, in the last 6 or 7 months and the speed of unemployment turn-over during this period are known, it is easy to estimate the number of unemployed workers in specified duration intervals. The estimate is based on the assumption that during each 4-week period a definite proportion of unemployed individuals will be reemployed, that an equal proportion of the remaining unemployed persons will find their way back in the next 4-week period, and so on. Since the accession and separation rates are assumed to be equal, they can be used interchangeably. The probability of a worker's being hired during a 4-week period and the probability of his remaining out of work throughout the period are determined by the unemployment rate and separation (or accession) rate for a 4-week period. From such probabilities, the proportion of laid-off workers staying out of work for 4 weeks or more, 8 weeks or more, 12 weeks or more, etc., and for 2 weeks or more, 6 weeks or more, 10 weeks or more, etc., can be determined.[8] Then the probable number of persons unemployed in the compensable-duration interval[9] is computed.

The results of these computations are summarized in table 3. The compensable-duration intervals of 2 to 16 weeks, 2 to 22 weeks, and 2 to 28 weeks assume a waiting period of 1 week and a compensable-duration period of 14, 20, and 26 weeks, respectively. With a 1-week waiting period, a worker would not receive a benefit payment unless he remained unemployed during the waiting period and during the first compensable week—or for 2 weeks. With a 14-week statutory duration period, a worker unemployed through the fifteenth week, that is, up to but not including the sixteenth week, would be in compensable status. No allowance is made here for partial

Chart 3.—*Hypothetical percent of total labor force in the compensable duration-of-unemployment interval of 2 to 28 weeks, assuming specified separation and unemployment rates*



*Percent of employed labor force per 4 weeks.

[8] W. S. Woytinsky, op. cit., appendix A, pp. 151–153.

[9] Unemployment for longer than the waiting period but less than the statutory maximum duration plus the waiting period.

or part-total unemployment; it is assumed that only full weeks of unemployment are compensated.

Table 3 may be read either vertically, from the top to the bottom of each column, or horizontally. In the first case the hypothetical number of persons unemployed in a certain duration interval is considered as a function of the varying unemployment level, assuming a steady separation rate. In the second case it is handled as a function of the varying separation rate, assuming a given level of unemployment. The two approaches are followed in charts 1, 2, and 3. Their upper panels correspond to the vertical reading of table 3, the lower panels to the horizontal reading. As table 3 and charts 1–3 show, the volume of unemployment in definite duration intervals does *not* necessarily increase with unemployment and separation rates.

If the separation rate is very low—for example, 1 percent of the working force per 4 weeks—and the unemployment rate is high—say, more than 20 percent of the labor force—the chance that a separated worker will find a job during the waiting period is negligible. Nearly all separated workers pass, in this case, through the stage of compensable unemployment, and most of them are likely to exhaust their benefit rights before they find a new job. If the separation rate remains steady, the volume of compensable unemployment declines with the rise of the unemployment rate beyond a definite limit. In fact, figures in the first column, in all three panels of table 3, increase as the rate of unemployment goes up from 1 percent to 15 or 20 percent, and decline thereafter. If the separation rate is higher—for example, 2 or 3 percent per 4 weeks—the turning point comes somewhat later, but all curves in the upper panels of charts 1, 2, and 3 are bell-shaped.

On the other hand, the horizontal reading of the table shows that the increasing turn-over rate affects the volume of unemployment in the compensable-duration intervals in different ways, depending on the level of total unemployment. If unemployment is negligible—for example, 1 or 2 percent—the volume of unemployment in compensable-duration intervals declines as the separation rate increases. This movement is shown in panel B of the charts by the descending slope of the curves corresponding to unemployment rates of 1 and 2 percent. If unemployment is very severe—for example, 40 to 50 percent—the volume of compensable unemployment increases almost in direct proportion to the separation rate.

In general, compensable unemployment increases with the separation rate when unemployment is severe, but declines with an increase in the separation rate at very low levels of unemployment. On the other hand, compensable unemployment increases along with the unemployment rate for all separation rates shown in table 3 until it reaches a maximum, beyond which it declines as the unemployment level increases. The maximum amount of compensable unemployment is reached at higher levels of unemployment, however, as the separation rate increases.

Assuming steady unemployment, steady turn-over of labor, and perfect homogeneity of the covered labor force, the theoretical maximum limit of unemployment in definite duration intervals may be estimated by means of interpolation. The limit is marked by the highest point of the curves in the upper panels of the three charts. Thus it is found that, if there are 8 separations per 100 employed workers per 4 weeks, the number of persons unemployed for 2 or more weeks and up to but not in-

Table 4.—*Hypothetical ratio (percent) of unemployment in specified compensable-duration intervals to total unemployment, assuming various unemployment and separation rates*

Unemployment as percent of labor force	Separation rate per 4 weeks as percent of employed labor force							
	1	2	3	4	5	6	7	8
	Compensable-duration interval of 2 to 16 weeks							
1	64.5	56.7	50.2	44.9	41.0	38.0	35.5	33.5
2	61.6	64.6	61.0	56.8	53.2	50.0	47.3	45.0
3	54.3	64.3	64.6	62.4	59.7	57.0	54.5	52.2
4	47.6	61.4	64.8	64.7	63.2	61.2	59.1	57.2
5	41.8	57.6	63.4	65.0	64.7	63.6	62.1	60.5
10	25.0	40.5	50.3	56.5	60.4	62.8	64.2	64.8
15	17.1	29.7	39.1	46.1	51.4	55.4	58.3	60.5
20	12.6	22.7	30.9	37.6	43.1	47.5	51.1	54.1
25	9.7	17.9	24.9	30.9	36.1	40.5	44.3	47.5
30	7.7	14.4	20.4	25.7	30.3	34.5	38.1	41.4
35	6.2	11.8	16.8	21.4	25.6	29.3	32.7	35.9
40	5.0	9.7	14.0	17.9	21.6	24.9	28.1	30.9
45	4.1	8.0	11.6	15.0	18.2	21.2	24.0	26.6
50	3.4	6.6	9.7	12.6	15.3	17.9	20.4	22.7
	Compensable-duration interval of 2 to 22 weeks							
1	68.6	57.9	50.2	44.9	41.0	38.0	35.5	33.5
2	70.8	68.7	63.0	57.9	53.8	50.4	47.5	45.1
3	65.5	71.5	68.9	65.0	61.4	58.1	55.3	52.8
4	59.2	70.6	71.2	69.0	66.1	63.3	60.6	58.3
5	53.3	68.1	71.5	70.9	69.1	66.8	64.6	62.4
10	33.5	51.8	61.9	67.3	70.1	71.3	71.5	71.2
15	23.4	39.4	50.3	57.8	62.9	66.4	68.7	70.2
20	17.5	30.7	40.9	48.6	54.6	59.2	62.3	65.3
25	13.5	24.5	33.5	40.9	46.9	51.8	55.9	59.2
30	10.7	19.9	27.7	34.4	40.1	45.0	49.2	52.8
35	8.7	16.4	23.1	29.1	34.3	38.9	43.0	46.6
40	7.1	13.5	19.3	24.5	29.3	33.5	37.4	40.9
45	5.9	11.2	16.2	20.7	24.9	28.8	32.3	35.6
50	4.8	9.3	13.6	17.5	21.2	24.6	27.9	30.9
	Compensable-duration interval of 2 to 28 weeks							
1	70.1	57.9	50.2	44.9	41.0	38.0	35.5	33.5
2	75.8	70.2	63.5	58.1	53.9	50.4	47.5	45.1
3	72.9	74.9	70.5	65.8	61.8	58.3	55.4	52.8
4	67.7	75.8	74.0	70.5	67.0	63.9	61.0	58.5
5	62.1	74.6	75.6	73.5	70.7	67.9	65.3	62.8
10	41.1	60.7	70.0	74.1	75.6	75.7	75.1	74.0
15	29.3	47.6	59.1	66.4	70.8	73.5	75.0	75.6
20	22.1	37.9	49.3	57.5	63.4	67.6	70.1	72.7
25	17.2	30.6	41.1	49.3	55.7	60.7	64.6	67.6
30	13.8	25.1	34.4	41.8	48.4	53.7	58.0	61.6
35	11.2	20.7	28.9	35.9	41.9	47.1	51.6	55.4
40	9.2	17.2	24.3	30.6	36.2	41.1	45.4	49.3
45	7.5	14.4	20.5	26.0	31.1	35.6	39.7	43.4
50	6.2	11.9	17.2	22.1	26.5	30.6	34.4	37.9

cluding 16 weeks may reach somewhat more than 12.5 percent of the labor force when the unemployment rate is 35 percent; the number of persons unemployed for 2 to 22 weeks may be as high as 16.4 percent when the unemployment rate is 38 percent; and the number of persons out of jobs for 2 to 28 weeks may rise to 19.7 percent when 41 percent of all workers are unemployed. It should be kept in mind that in these estimates the term "separation" applies only to such terminations from employment as may result in compensable unemployment, that is, to involuntary separations and quits for good cause. A rate of 8 percent per 4 weeks for such separations suggests an extremely rapid turn-over of labor, such as may develop temporarily in some sector of the labor market, but such a rate is utterly improbable for the total covered labor force and for a comparatively long period, especially a period of heavy unemployment. For moderate separation rates—for example, 3 percent per 4 weeks—the maximum limits of compensable unemployment are found to be 6.25 percent, 8.38 percent, and 10.35 percent of the total labor force for the duration intervals of 2 to 16 weeks, 2 to 22 weeks, and 2 to 28 weeks.

In a cost analysis it may be desirable to visualize what proportion of the total volume of unemployment is likely to fall within specific compensable-duration intervals, assuming various rates of unemployment and labor turn-over. For the hypothetical case of a steady unemployment rate, an even flow of separations, and a perfectly homogeneous labor force, the question is answered by table 4, derived from table 3.

In interpreting table 4, it should be kept in mind that the proportion of waiting-period unemployment is correlated positively with the rate of separation and negatively with the level of unemployment, while the proportion of long-duration unemployment to the total volume of unemployment is correlated negatively with the speed of labor turn-over and positively with the total volume of unemployment. Therefore, under the assumed conditions, the proportions of waiting-period unemployment and of long-duration unemployment tend to vary in opposite directions. As a rule the proportion of claimants in the waiting period is small in comparison with that of unemployed persons who have exhausted their benefit rights. Therefore, the proportion of unemployment in compensable-duration intervals tends to decline when turn-over rates are going down or unemployment rates are going up. There are, however, conspicuous deviations from this general rule.

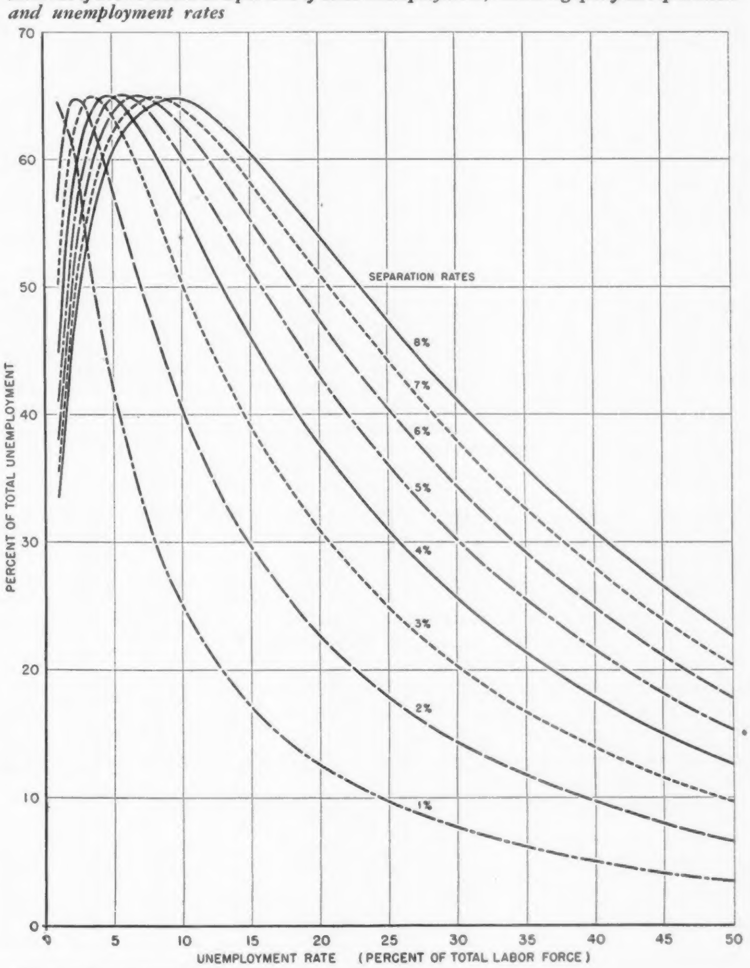
Under conditions of moderately heavy unemployment—say, 5 to 10 percent—and moderate labor turnover—say, 2 to 4 percent per 4 weeks—the proportion of compensable unemployment to total unemployment varies in a comparatively narrow range:

Duration	*Percent*
2 to 16 weeks	40 to 65
2 to 22 weeks	50 to 70
2 to 28 weeks	60 to 75

Under conditions of heavy unemployment—say, 20 to 25 percent—and a similar speed (2 to 4 percent) of labor turn-over, the ranges will be, for the three duration intervals, 20 to 40 percent, 25 to 50 percent, and 30 to 60 percent, respectively.

Chart 4 shows the hypothetical ratios of the number of persons out of work for 2 to 16 weeks to total unemployment, assuming separation rates of 1 to 8 percent per 4 weeks and

Chart 4.—*Hypothetical number of unemployed persons in the compensable-duration interval of 2 to 16 weeks as a percent of total unemployment, assuming specified separation* and unemployment rates*



*Percent of employed labor force per 4 weeks.

unemployment rates ranging from 1 to 50 percent; the chart is a plot of the data in the upper section of table 4. It will be noticed that for all separation rates the maximum ratio of compensable to total unemployment is the same—approximately 65 percent. This maximum corresponds to an unemployment rate of 1 percent when the separation rate is somewhat less than 1 percent, and to unemployment of 10 percent when the separation rate is 8 percent.

The proportion of compensable unemployment to total unemployment is the best single measure of the extent to which loss in earnings caused by unemployment is being compensated by unemployment insurance. Under a definite benefit formula this ratio is determined by the combination of two variables: level of unemployment and rate of labor turn-over. In a more general sense, the uniform maximum duration of benefit payments provided by the program—14 weeks, 20 weeks, and 26 weeks in the three panels of tables 3 and 4—may be regarded as the third variable.

Under the same economic conditions, compensable unemployment—whether measured in relation to the total labor force, to employment, or to total unemployment — increases with the duration interval, as a general rule. A clearer picture of the effect of the different provisions for maximum duration on operation of the program may be obtained from a comparison of the respective items in the three panels of table 3.

When the unemployment rate is high—say, over 25 percent—and labor turn-over comparatively low — not more than 3 percent per 4 weeks—so that a separated worker has only a negligible chance of finding a new job, the volume of unemployment in a compensable-duration interval is almost proportional to the number of weeks in this interval, that is, to the statutory maximum duration of benefit payments. This is, however, a marginal case, characteristic of a deep depression. Under conditions of moderately severe unemployment—say, 10 percent—and a separation rate of 2 to 4 percent, the interval of 2 to 22 weeks includes approximately 20 to 30 percent more unemployed workers than the interval of 2 to 16 weeks, and the interval of 2 to 28 weeks includes approximately 30 to 50 percent more unemployed workers than the interval of 2 to 16 weeks.

If unemployment is light—below 5 percent—and the labor turn-over rate is comparatively high—5 percent or more per 4 weeks—the volume of compensable unemployment does not increase appreciably with the increase in the maximum duration of benefit payments.

Table 5.—*Hypothetical annual number of unemployed persons in specified compensable-duration intervals, per 100,000 workers, assuming two different separation rates with respect to the employed labor force and various unemployment rates at beginning and end of year*

Unemployment at beginning of year as percent of labor force	Unemployment at end of year as percent of labor force						
	2	5	10	15	20	25	30
	Separation rate: 4 percent of employed labor force per 4 weeks						
	Duration interval of 2 to 16 weeks						
2	1,150	2,280	3,870	5,240	6,340	7,260	8,040
5	2,190	3,200	4,660	5,880	6,830	7,600	8,230
10	3,450	4,340	5,570	6,510	7,260	7,860	8,380
15	4,330	5,100	6,030	6,790	7,420	7,950	8,290
20	4,890	5,510	6,280	6,920	7,440	7,860	8,150
25	5,290	5,760	6,420	6,950	7,420	7,730	7,980
30	5,540	5,890	6,480	6,940	7,330	7,570	7,790
	Duration interval of 2 to 22 weeks						
2	1,170	2,360	4,320	6,090	7,630	8,980	10,110
5	2,340	3,510	5,350	6,970	8,370	9,550	10,570
10	3,980	4,980	6,560	7,930	9,090	10,080	10,900
15	5,160	6,030	7,350	8,480	9,460	10,270	10,970
20	5,940	6,720	7,860	8,820	9,600	10,280	10,910
25	6,400	7,170	8,150	8,990	9,640	10,200	10,730
30	6,940	7,460	8,280	9,000	9,600	10,040	10,510
	Duration interval of 2 to 28 weeks						
2	1,180	2,440	4,500	6,560	8,500	10,220	11,750
5	2,420	3,660	5,680	7,530	9,410	11,000	12,390
10	4,280	5,460	7,250	8,960	10,500	11,810	12,950
15	5,680	6,730	8,320	9,750	11,070	12,210	13,180
20	6,680	7,650	8,990	10,230	11,380	12,330	13,160
25	7,420	8,270	9,540	10,540	11,520	12,330	13,000
30	8,020	8,780	9,840	10,740	11,530	12,220	12,800
	Separation rate: 5 percent of employed labor force per 4 weeks						
	Duration interval of 2 to 16 weeks						
2	1,070	2,230	3,900	5,480	6,660	7,590	8,620
5	2,180	3,210	4,820	6,210	7,290	8,210	8,940
10	3,640	4,580	5,940	7,080	7,950	8,710	9,330
15	4,700	5,560	6,600	7,600	8,280	8,930	9,400
20	5,410	6,130	7,030	7,790	8,430	8,980	9,300
25	5,950	6,490	7,260	8,020	8,510	8,780	9,150
30	6,270	6,700	7,420	8,020	8,430	8,700	8,970
	Duration interval of 2 to 22 weeks						
2	1,080	2,300	4,180	6,140	7,890	9,320	10,670
5	2,270	3,440	5,380	7,160	8,680	10,050	11,260
10	4,070	5,160	6,890	8,450	9,700	10,850	11,840
15	5,480	6,440	7,950	9,230	10,320	11,300	12,140
20	6,480	7,220	8,570	9,720	10,690	11,500	12,150
25	7,210	7,920	9,050	10,050	10,850	11,480	12,020
30	7,750	8,360	9,345	10,200	10,690	11,350	11,900
	Duration interval of 2 to 28 weeks						
2	1,080	2,300	4,370	6,510	8,540	10,411	12,120
5	2,300	3,530	5,630	7,680	9,580	11,330	12,910
10	4,300	5,530	7,450	9,310	10,950	12,450	13,780
15	5,970	7,080	8,810	10,400	11,830	13,150	14,290
20	7,150	8,220	9,750	11,150	12,410	13,530	14,450
25	8,150	9,080	10,450	11,660	12,970	13,650	14.380
30	8,910	9,700	10,910	12,000	12,950	13,610	14,300

Table 6.—*Hypothetical unemployment in selected duration intervals per 100,000 workers in labor force*

Unemployment as percent of labor force—		Duration of—					
		2 to 16 weeks and separation rate of—		2 to 22 weeks and separation rate of—		2 to 28 weeks and separation rate of—	
At beginning of year	At end of year	4 percent	5 percent	4 percent	5 percent	4 percent	5 percent
25	5	5,760	6,490	7,170	7,920	8,270	9,080
10	10	6,280	7,030	7,860	8,570	8,990	9,750
15	*15*	*6,790*	*7,600*	*8,480*	*9,230*	*9,750*	*10,400*
10	20	7,260	7,950	9,090	9,700	10,500	10,950
5	25	7,600	8,210	9,550	10,050	11,000	11,330

First Correction: Changing Rate of Unemployment

Let us assume now that, as a result of a steady surplus of separations over accessions or vice versa, the level of unemployment changes gradually during a year. No allowance is made in this assumption for sudden changes in business conditions, seasonal factors, upturns in the trend in the course of a year, and the like. The new pattern differs from the one examined before only in that the postulate of *equality* of separation and accession rates is replaced by the postulate of a *steady difference* between the two rates.

Using the same method as before and assuming a steady rate of separation per 100 employed workers, the number of unemployed persons in compensable-duration intervals would vary as shown in table 5.[10]

From the figures in this table we can study the level of compensable unemployment at an assumed average level of unemployment with different unemployment rates at the beginning and end of the year.

If read diagonally, from the lower left-hand corner to the upper right-hand corner (excluding the column and row corresponding to 2 percent), each panel in table 5 shows several patterns of variations in the level of unemployment, which all correspond to the same average annual unemployment rate. For example, the same oblique line contains hypothetical figures for unemployment rates during the year, changing from 30 percent to 5 percent, from 25 to 10 percent, from 20 to 15 percent, and from 5 to 30 percent, while the *average* annual unemployment rate is 17.5 percent in all cases. The oblique lines above the diagonal include cases of *average* annual unemployment of 15, 12.5, 10 percent, and so forth, while the oblique lines below the diagonal are related to cases of average annual unemployment of 20, 22.5, 25 percent, and more. It is found that figures related to the same *average* annual unemployment rates increase in each panel from the lower left hand to the upper right hand, as in the examples in table 6.

The items at the top of each column in table 6 are lower and those at the bottom are higher than the italicized figures, which correspond to a steady unemployment rate throughout the year. In the event of dwindling work opportunities, the volume of unemployment in definite duration brackets may be 25 to 35 percent larger than in the period of improving business conditions, although the annual average unemployment is the same in both cases.

The question arises as to what the average annual volume of compensable unemployment may be for a period that covers appreciable fluctuations in the level of unemployment in both directions.

A careful examination of table 5 suggests that the volume of unemployment in definite duration intervals throughout such a period—say, a full business cycle—is unlikely to be larger than under the assumption of a steady average unemployment rate throughout the same period.

Second Correction: Varying Labor Force

One of the main sources of variations in the labor force is the natural turn-over of the population as young people reach working age and older workers die or retire.

New entrants in the labor force in the recent past and near future may be roughly estimated at 2 million a year, 1.2 million men and 800,000 women. Approximately 1.5 million workers, on the other hand, leave the labor force each year, mainly because of superannuation, permanent disability, or death. This number also includes women who shift from paid jobs to housework in their own homes after marriage. The balance—approximately 500,000—represents the annual increment to the labor force from the growth of the population.

In addition, millions of individuals shift into and out of the labor force each year. Approximately 2 to 3 million members of farm families work on the farm during the harvest season but are not counted as workers during the rest of the year; about 2 million high-school and college students work for pay in their summer vacations; hundreds of thousands of married women work intermittently during the year or reenter the labor market, mostly because economic pressure increase or because family responsibilities lessen; many persons withdraw temporarily from the labor market because of sickness; other members in a family seek work from time to time when the earnings of the chief breadwinner are interrupted by unemployment or temporary disability. Because of all these shifts, the number of individuals who are in the labor force during a calendar year is considerably larger than the number at the seasonal peak. Assuming, for example, that the civilian labor force averages 57 million (59 million in the summer and 55 mil-

[10] Computing the figures in this table would normally require a tremendous amount of time and work. To facilitate the calculations involved, a method of interpolation was applied to table 3. The resulting figures in table 5 therefore represent approximations, and in fact, where comparison is possible, they differ slightly from corresponding figures in table 3. When the separation rate is 5 percent per 4 weeks and the level of unemployment is 15 percent of the labor force throughout the year, for example, compensable unemployment for a compensable-duration interval of 2 to 16 weeks is shown to be 7,711 in table 3, and 7,600 in table 5, for each 100,000 workers in the labor force. In every case, however, the difference is too small to affect the validity of the conclusions indicated in subsequent sections.

Table 7.—*Number of workers with wage credits and average employment in covered industries*

Year	Estimated number of workers with wage credits (in thousands)	Average employment (in thousands)	Column 2 as percent of column 3
(1)	(2)	(3)	(4)
1938	27, 500	19, 929	138
1939	30, 100	21, 378	141
1940	31, 900	23, 096	138
1941	37, 600	26, 814	140
1942	43, 000	29, 349	147
1943	44, 000	30, 828	143
1944	43, 000	30, 045	143
1945	43, 000	28, 410	151
1946	45, 800	30, 212	152

lion in the winter), the number of individuals engaged in some kind of economic activity or seeking work may reach 70 million in the course of a year.

More specifically, if in the next few years the nonagricultural labor force should average 46 million (approximately 34 million men and 12 million women), the number of individuals engaged in nonagricultural work at some time in the course of a year may reach 60 million. Thus the total number of individuals with wage, salary, or other earnings in nonagricultural pursuits during a year would be more than 30 percent greater than the number of full-year nonagricultural jobs—a higher percentage figure than that applicable to the entire labor force.

The proportion of entrances and withdrawals in relation to the number of full-year employee jobs in nonagricultural establishments is still higher. Of the 4 million employers and self-employed persons in nonagricultural pursuits, some shift during a year between work for others and independent work and some receive part of their current earnings in the form of profits and part from salaries or wages. Thus, if the average number of nonagricultural salary and wage earners during a year approximates 42 million, the number of individuals who receive salaries or wages during a year may be 1 million short of the 60 million mentioned above. Of these 59 million individuals, probably some 56 million would have appreciable wage and salary earnings in nonagricultural industries, while 3 million would have only casual earnings. All in all, the number of individuals who are either employed or seeking work for pay in nonagricultural industries during a year is likely to exceed by 35 to 40 percent the number of full-year salary and wage jobs.

Because of the limited coverage of existing State unemployment insurance programs, the number of persons with wage credits in covered industries is further increased in comparison with the number of full-year covered jobs by shifts between covered and noncovered establishments. Moreover, the ratio of the number of individuals with wage credits to the number of full-year covered jobs varies widely from year to year. The ratios of workers with wage credits to average employment (which approximates the number of full-year covered jobs) for the United States as a whole for the years 1938–46 are summarized in table 7.

Corrections are necessary to single out the separations that lead to potentially compensable unemployment. To be eligible for benefits the separated worker must meet statutory requirements that vary greatly from State to State. The percentage of workers with wage credits who are *not* eligible for benefits varies, in each State, with business conditions, but under all conditions their representation in job terminations is greater than their representation in the total number of individuals with wage credits. In fact, most of the individuals who have had some wage credits in covered industries during a 12-month period but are *not* eligible for benefits at the end of that period have experienced at least one separation; many have had several. On the other hand, the group of workers eligible for benefits includes persons with uninterrupted employment in covered establishments. It is conceivable that the group of workers not eligible for benefits, representing about 20 percent of all individuals with wage credits, would account for less than 5 percent of the work performed in covered industries and for 75 or 80 percent of the job terminations.

To sum up, the system covered by the State unemployment insurance programs includes millions of persons who enter the system when they take a covered job and disappear from it when that job is terminated. Therefore, only relatively few of the accessions and separations in covered establishments mark either the end or the beginning of a spell of unemployment that may be compensable.

All these factors tend to cut down the size of the compensable unemployment load in comparison with the hypothetical proportion of unemployment in a compensable-duration interval. Their impact on cost estimates may be illustrated by the following example.

Suppose that 80,000 persons, on the average, are employed during a year by covered employers, that 20,000 persons are seeking work in covered industries, and that covered establishments report 5 separations and as many accessions per 100 employed workers per 4 weeks. How many individuals are likely to be drawing benefits under an unemployment insurance program providing for 26 weeks of benefits after a 1-week waiting period?

In this example the labor force is 100,000, the unemployment rate is 20 percent, and the separation and accession rates are 5 percent. The hypothetical amount of unemployment in the duration interval of 2 to 28 weeks is 12,676 per 100,000 workers, according to table 3. This computation requires important corrections, however. The total of 20,000 job seekers includes new entrants, occasional workers, persons with no wage credits in covered employment, and those with insufficient credits. Unemployed workers with sufficient wage credits will hardly exceed 10,000. If persons who are likely to file claims for benefits although they have insufficient wage credits are added to this

figure, the total number of covered unemployed workers[11] may rise to 12,000. The size of the covered labor force is, therefore, 92,000 (80,000+12,000) instead of 100,000, and the ratio of covered unemployment to the covered labor force is 13 percent (12,000÷92,000) instead of 20 percent. The separation and accession rates, determined by the persons filing initial claims rather than by the actual turnover, are not likely to exceed 2 percent. The hypothetical volume of compensable unemployment, determined by applying the covered unemployment and turn-over rates to table 3, amounts to 6,710 per 100,000 persons in the labor force or 6,173 for a labor force of 92,000—less than half the 12,676 based on the unadjusted unemployment and turn-over rates. In this example, variations in the labor force cut in half the "theoretical" volume of compensable unemployment. The rate of reduction depends on the assumed relationship between compensable and total labor turnover. This relationship, in turn, varies with business conditions, but in all phases of a business cycle compensable separations and compensable unemployment are significantly less than total separations (even less than total involuntary separations) and total unemployment.

This correction has a drastic effect on the long-range cost estimates of unemployment insurance.[12]

Third Correction: Heterogeneous Labor Market

Since the distribution of unemployment by compensable-duration intervals is essentially determined by the rate of unemployment and the pattern of labor turn-over, the heterogeneity of the labor market may be reduced to the factor of disparity in the rates of unemployment and separations for different groups of workers. From the point of view of the present analysis, it makes no difference whether these groups are segregated by area, by industry and occupation, or by the workers' characteristics, such as sex, race, age, family status, skill, education, and length of service with the same firm. The essential fact is that unemployment and labor turn-over are higher than average for certain sectors of the covered labor force and lower than average for other sectors.

Such disparities may be exemplified by three typical patterns. Assuming a working population of 100,000 with 10,000 persons unemployed—each of the latter attached to a definite sector of the labor market—the average unemployment rate of 10 percent may result from the following distributions of unemployment in two sectors of the labor force.

(a) A part of the labor force—10, 20, 30, 40, or 50 percent—may be employed steadily (with a theoretical unemployment rate of zero), while the rate of unemployment among the rest of the workers is 11.11, 12.50, 14.28, 16.67, or 20.00 percent, respectively.

[11] From the point of view of an unemployment insurance program with limited coverage, a distinction should be made not only between covered and noncovered *employment* but also between covered and noncovered *unemployment*. *Covered unemployment* will represent persons with sufficient attachment to covered industries to file claims for benefits when unemployed, including those who have exhausted their benefit rights or have been disqualified for some reason. *Noncovered unemployment* will be composed of unemployed workers who do not file claims for unemployment benefits, including occasional and temporary workers separated from covered establishments, new entrants to the labor market, and persons reentering the labor market after a long absence.

[12] The correction for these factors is discussed in the second article.

Table 8.—*Hypothetical number of unemployed persons in specified compensable-duration intervals, per 100,000 workers, assuming various unemployment and separation rates, and taking into account disparities in these rates for various groups of workers*

Unemployment as percent of labor force	Separation rate per 4 weeks as percent of employed labor force							
	1	2	3	4	5	6	7	8
	Duration interval of 2 to 16 weeks							
1	645	567	502	449	410	380	355	335
2	1,232	1,291	1,219	1,136	1,063	1,000	945	899
3	1,614	1,911	1,920	1,853	1,774	1,693	1,619	1,550
4	1,854	2,393	2,528	2,521	2,464	2,387	2,306	2,229
5	1,986	2,735	3,010	3,086	3,073	3,021	2,951	2,875
10	2,121	3,441	4,274	4,803	5,135	5,338	5,454	5,511
15	2,048	3,562	4,690	5,535	6,169	6,645	7,001	7,263
20	1,950	3,523	4,795	5,831	6,675	7,363	7,926	8,386
25	1,815	3,360	4,676	5,801	6,764	7,590	8,299	8,907
30	1,735	3,268	4,616	5,812	6,867	7,804	8,632	9,370
35	1,675	3,191	4,564	5,805	6,932	7,952	8,880	9,729
40	1,633	3,136	4,540	5,806	6,989	8,080	9,091	10,023
45	1,581	3,063	4,451	5,745	6,962	8,098	9,168	10,169
50	1,530	2,981	4,356	5,659	6,895	8,064	9,172	10,222
	Duration interval of 2 to 22 weeks							
1	686	579	502	449	410	380	355	335
2	1,416	1,374	1,260	1,157	1,075	1,007	949	902
3	1,946	2,125	2,046	1,931	1,823	1,726	1,642	1,567
4	2,309	2,753	2,776	2,689	2,579	2,469	2,364	2,272
5	2,531	3,237	3,394	3,369	3,281	3,175	3,068	2,963
10	2,851	4,405	5,258	5,721	5,957	6,058	6,079	6,051
15	2,812	4,725	6,034	6,934	7,550	7,967	8,244	8,418
20	2,707	4,765	6,335	7,540	8,464	9,171	9,650	10,125
25	2,538	4,603	6,287	7,664	8,792	9,716	10,474	11,095
30	2,438	4,516	6,284	7,797	9,089	10,196	11,143	11,956
35	2,362	4,439	6,269	7,880	9,302	10,559	11,668	12,653
40	2,307	4,385	6,260	7,953	9,483	10,864	12,113	13,243
45	2,240	4,299	6,191	7,930	9,530	11,002	12,359	13,609
50	2,176	4,203	6,099	7,873	9,541	11,092	12,541	13,894
	Duration interval of 2 to 28 weeks							
1	701	579	502	449	410	380	355	335
2	1,515	1,404	1,269	1,161	1,077	1,008	950	902
3	2,164	2,225	2,094	1,953	1,834	1,732	1,644	1,568
4	2,638	2,955	2,886	2,750	2,614	2,490	2,378	2,281
5	2,950	3,545	3,589	3,490	3,357	3,224	3,100	2,985
10	3,492	5,157	5,947	6,301	6,428	6,435	6,380	6,291
15	3,515	5,714	7,097	7,964	8,499	8,819	8,997	9,078
20	3,421	5,871	7,635	8,907	9,824	10,481	10,859	11,272
25	3,230	5,742	7,703	9,236	10,436	11,375	12,108	12,679
30	3,117	5,680	7,792	9,465	10,973	12,162	13,145	13,957
35	3,030	5,621	7,841	9,744	11,378	12,782	13,988	15,027
40	2,966	5,581	7,886	9,921	11,720	13,310	14,715	15,958
45	2,887	5,491	7,839	9,963	11,880	13,613	15,180	16,599
50	2,802	5,376	7,749	9,930	11,937	13,781	15,477	17,042

(b) The average unemployment rate may amount to 9 percent for half the labor force and to 11 percent for the other half, or the rates may be 8 and 12 percent, 7 and 13 percent, 5 and 15 percent, or even a fraction of 1 percent in one sector and close to 20 percent in the other.

(c) The average unemployment rate may be less than 10 percent in one sector of the labor force and more than 10 percent in other areas, industries, occupations, or worker groups. It may, for example, amount to 5 percent for 80 percent of the workers and 30 percent for the rest of the labor force, or 2 percent for 20 percent of the workers and 12 percent for the rest of them, and so on.

Similar disparities in separation rates are conceivable, but the degree of disparity will not be the same. While the upper limit of the unemployment rate is 100 percent, there is practically no limit to the speed of labor turn-over. If the "floating" group in the working force of an establishment changes completely each week (not an impossible occurrence), its separation rate will amount to 400 percent per 4 weeks.

Disparities in chances for reemployment may be of different types. The most common and for practical purposes the most important variation comes from the duration of the unemployment. For each group of separated workers, the probability of finding a new position tends to decline as the period of unemployment lengthens. Each group of laid-off workers is likely to include individuals with various degrees of skill and ability; some have connections that can help them in their search for work, others have none; some are attached to overcrowded or depressed industries, others are engaged in more promising pursuits. From the very beginning their chances of reemployment are unequal, and those who have the best chance are likely to find a new position sooner than the rest of the group. The chances of those who remain unemployed for, say, 2 weeks after separation are therefore less than the average at the time of separation, and the proportion of persons hired during the following 2 weeks will probably again be somewhat smaller. The same process of negative selection will continue until the last of the group either is reemployed or withdraws from the labor force as unemployable. The proportion of unemployable and marginal workers among the unemployed steadily increases with the duration of unemployment, and turn-over is likely to be rather slow among beneficiaries who have almost reached the compensable-duration limit.

As long as the over-all rate of unemployment is low—say, 5 percent—and labor turn-over is considerable, it does not make much difference whether the risks are distributed evenly over all the labor force or limited to definite industries. But the situation changes as unemployment rises. The same is true of the distribution of labor turn-over. If, however, unemployment is extremely heavy—more than 25 percent of the total labor force—it is unlikely to be concentrated in a small fraction of the labor market. The effect of the heterogeneity of the labor force on the volume of unemployment in compensable-duration intervals therefore is likely to increase when the over-all unemployment rate rises from 2 percent to roughly 25 percent and to decline if unemployment continues to increase above that limit.

All in all, the effects of heterogeneity may be introduced into cost estimates as a deflation factor applied to the hypothetical volume of unemployment in specified duration intervals, as

Table 9.—*Hypothetical ratio (percent) of unemployment in specified compensable-duration intervals to total unemployment, assuming various unemployment and separation rates, and taking into account the disparities in these rates for various groups of workers*

Unemployment as percent of labor force	Separation rate per 4 weeks as percent of employed labor force							
	1	2	3	4	5	6	7	8
	Duration interval of 2 to 16 weeks							
1	64.5	56.7	50.2	44.9	41.0	38.0	35.5	33.5
2	61.6	64.6	61.0	56.8	53.2	50.0	47.3	45.0
3	53.8	63.7	64.0	61.8	59.1	56.4	54.0	51.7
4	46.4	59.9	63.2	63.1	61.6	59.7	57.6	55.8
5	39.7	54.7	60.2	61.8	61.5	60.4	59.0	57.5
10	21.3	34.4	42.8	48.0	51.3	53.4	54.6	55.1
15	13.7	23.8	31.3	36.9	41.1	44.3	46.6	48.4
20	9.8	17.6	23.9	29.1	33.4	36.8	39.6	41.9
25	7.3	13.4	18.7	23.2	27.1	30.4	33.2	35.6
30	5.8	10.9	15.4	19.4	22.9	26.0	28.8	31.3
35	4.8	9.1	13.0	16.6	19.8	22.7	25.3	27.8
40	4.1	7.9	11.3	14.5	17.5	20.2	22.8	25.0
45	3.5	6.8	9.9	12.8	15.5	18.0	20.4	22.6
50	3.1	5.9	8.7	11.3	13.8	16.1	18.4	20.4
	Duration interval of 2 to 22 weeks							
1	68.6	57.9	50.2	44.9	41.0	38.0	35.5	33.5
2	70.8	68.7	63.0	57.9	53.8	50.4	47.5	45.1
3	64.8	70.8	68.2	64.4	60.8	57.5	54.7	52.3
4	57.7	68.8	69.4	67.3	64.4	61.7	59.1	56.8
5	50.6	64.7	67.9	67.4	65.6	63.5	61.4	59.3
10	28.5	44.0	52.6	57.2	59.6	60.6	60.8	60.5
15	18.7	31.5	40.2	46.2	50.3	53.1	55.0	56.2
20	13.5	23.6	31.5	37.4	42.0	45.6	48.0	50.3
25	10.1	18.4	25.1	30.7	35.2	38.9	41.9	44.4
30	8.1	15.0	20.9	26.0	30.3	34.0	37.1	39.9
35	6.7	12.7	17.9	22.6	26.6	30.1	33.3	36.1
40	5.8	10.9	15.6	19.8	23.7	27.1	30.3	33.1
45	5.0	9.5	13.8	17.6	21.2	24.5	27.5	30.3
50	4.3	8.4	12.2	15.8	19.1	22.1	25.1	27.8
	Duration interval of 2 to 28 weeks							
1	70.1	57.9	50.2	44.9	41.0	38.0	35.5	33.5
2	75.8	70.2	63.5	58.1	53.9	50.4	47.5	45.1
3	72.2	74.2	69.8	65.1	61.2	57.7	54.8	52.3
4	66.0	73.9	72.2	68.7	65.3	62.3	59.5	57.0
5	59.0	70.9	71.8	69.8	67.2	64.5	62.0	59.7
10	34.9	51.6	59.5	63.0	64.3	64.3	63.8	62.9
15	23.4	38.1	47.3	53.1	56.6	58.8	60.0	60.5
20	17.1	29.4	38.2	44.6	49.1	52.4	54.3	56.3
25	12.9	23.0	30.8	37.0	41.8	45.5	48.5	50.7
30	10.4	19.0	26.0	31.6	36.5	40.5	43.8	46.5
35	8.6	15.9	22.3	27.6	32.3	36.3	39.7	42.7
40	7.5	13.9	19.7	24.8	29.3	33.3	36.8	39.9
45	6.4	12.2	17.4	22.1	26.4	30.3	33.7	36.9
50	5.6	10.7	15.5	19.9	23.9	27.5	31.0	34.1

shown in tables 3, 4, and 6. The approximate deflation coefficients are:

Unemployment as percent of labor force	*Coefficient by which hypothetical figures in table 3 should be deflated*
2	1.000
3	.990
4	.975
5	.950
10	.850
15	.800
20	.775
25	.750
30	.755
35	.775
40	.810
45	.850
50	.900

With this correction, table 3 is replaced by table 8 and table 4 by table 9.

In summary, heterogeneity of the labor market reduces significantly the size of compensable unemployment suggested by the extremely simplified model set up at the beginning of this article. The administrative provisions of State unemployment insurance laws, especially the method of measuring duration of benefits, benefit disallowances, and disqualifications, act in the same direction. The impact of these factors on the size of compensable unemployment will be discussed in the next article.

Reorganization Plan No. 1 of 1948: Legislative History and Background

By Gladys R. Friedman*

Because of the considerable amount of interest in the relationship between the employment service and the unemployment insurance program at the Federal level, the Bulletin believes that this brief outline of the legislative background of Reorganization Plan No. 1 of 1948 will be of aid to persons who wish to study this phase of employment security developments.

On March 16, 1948, the Senate, following action by the House, approved House Concurrent Resolution 131, which provided for the disapproval of the President's Reorganization Plan No. 1 of 1948. This plan would have transferred Federal unemployment insurance functions to the Department of Labor and kept the United States Employment Service permanently in that Department. The Social Security Administration, in the Federal Security Agency, thus retains the Federal unemployment insurance functions that it has had since the passage of the Social Security Act, and 6 months after the official termination of the war the U. S. Employment Service is scheduled to revert to the Federal Security Agency, where it was lodged from July 1939 to September 1942.

Prewar Congressional Consideration

The Federal Government's first attempt at permanent provision for handling the problem of unemployment was the establishment of a national system of public employment offices where workers could go to find suitable jobs and employers could obtain needed labor. This Federal legislation preceded by 2 years the enactment of the Social Security Act.

The Wagner-Peyser Act,[1] enacted in June 1933, set up a national system of public employment offices to be administered by the States with the financial assistance of the Federal Government. The United States Employment Service was created as a separate Bureau in the Department of Labor; $1.5 million was appropriated for the first year of operation and $4 million for each of the next 4 fiscal years, $3 million of which was to be used to match State appropriations for State services and $1 million for the operation of the Federal arm, the U. S. Employment Service. At that time there was no question but that the Employment Service should be located in the Department of Labor, which by the Organization Act of 1913[2] had the responsibility "to foster, promote, and develop the welfare of the wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment."

While this action served as a genuine inducement to the States to establish public employment offices, State systems could not be created immediately since State legislative action was required. Meanwhile the inauguration of a Nation-wide program of public works and expansion of work relief projects, which called for the selection and placement of several million unemployed workers, necessitated the establishment of employment offices throughout the country. The National Reemployment Service, financed completely by Federal funds, was therefore established in the Department of Labor to place workers in relief and public works jobs in areas where no State service existed. In June 1935, 2 months before the enactment of the Social Security Act, only 25 State services with 184 local offices had affiliated with the U. S. Employment Service.[3] At the same time the National Reemployment Service was operating 1,769 local offices,[3] and Federal expenditures for the Service amounted to about two-thirds of the total expenditures for all employment service activities in the country.

The Committee on Economic Security, in its report[4] to the President in January 1935, recommended establishing a Federal-State system of unemployment insurance and a Federal system of old-age benefits to be administered by a Social Insurance Board in the Department of Labor. The Economic Security Bill, as introduced in both Houses on January 17, 1935 (S. 1130, H. R. 4120 and 4142), embodied those recommendations. The House Ways and Means Committee, after conducting public hearings, reported out a new bill, H. R. 7260, the Social Security Act, in which administrative responsibility was lodged in an independent Social Security Board.

* Bureau of Employment Security, Program Division.

[1] 48 Stat. 113.

[2] 37 Stat. 736, approved Mar. 4, 1913.

[3] *Annual Report of the Secretary of Labor, Fiscal Year Ended June 30, 1935*, p. 33.

[4] Published also as H. Doc. 81, 74th Cong., 1st sess.

H. R. 7260, as reported by the Senate Finance Committee [5] and as passed by the Senate, called for administration by the Social Security Board but placed it in the Department of Labor. In conference the Senate yielded, and the final act lodged administration of both the social insurance and the public assistance programs [6] in an independent Social Security Board.

The passage of the Social Security Act in 1935 and the enactment of State unemployment insurance laws added to our statutes the second permanent provision for handling the problem of unemployment. The administrative expenses of the State unemployment insurance laws were to be met wholly from Federal grants derived indirectly from the proceeds of the 0.3-percent Federal unemployment tax collected by the Federal Government.

Administration of the unemployment insurance provisions of the Social Security Act had a tremendous effect in expanding and strengthening the public employment services. Titles III and IX of the Social Security Act specified that, to be approved by the Board for administrative grants and tax-offset credit, a State unemployment insurance law had to provide that all compensation is to be paid through public employment offices or such other agencies as the Board may approve. The Social Security Board therefore had to decide immediately whether the State agencies could use other agencies in addition to public employment offices in administering their unemployment insurance laws. To strengthen the Nation-wide system of public employment offices, which the Board felt was imperative if the unemployment insurance program was to function effectively and unemployment benefits were to be paid only when suitable jobs were not available, the Board took the position that unemployment benefits should be paid only through public employment offices. As a result, every unemployment insurance law enacted by the States provided for establishing a system of public employment offices as an integral part of the program.

[5] S. Rept. 628, 74th Cong., 1st sess.

[6] Except grants-in-aid for maternal and child welfare services, which were to be administered by the Children's Bureau, then in the Department of Labor.

Many States during 1933–35 had placed administration of their public employment offices in the State labor department. They now amended their laws to place these offices in the same State agency that administered the unemployment insurance program, because the division of authority, especially at the local employment office servicing both programs, was creating confusion and inefficiency. It soon became apparent that available Wagner-Peyser funds could not adequately finance the expanded system of public employment offices made necessary by the unemployment insurance program. As long as funds were available, however, the Board required that the States appropriate money to match Wagner - Peyser grants before they could receive funds under title III of the Social Security Act for the expansion of their employment services. As each State established a public employment service, the National Reemployment Service passed out of existence in that area and, eventually, disappeared completely.

During the fiscal years 1936, 1937, and 1938, both the Social Security Board and the Department of Labor made Federal funds available for the operation of State public employment services. The fact that two Federal agencies administered two separate Federal laws affecting a single State agency hampered administration of the State systems and the smooth operation of the employment security program. To avoid duplication, an agreement for coordination of the Federal functions was made on March 30, 1937, between the Department of Labor and the Social Security Board. Despite these efforts, however, the lack of integration at the Federal level became a matter of public concern. A study of the structure and function of the Federal Government, published in 1937 [7] by the President's Committee on Administrative Management, proposed that the Department of Labor should "administer employment offices and the Federal aspects of Federal-State programs of social security where right rather than need is the basis of payment to beneficiaries."

[7] *Administrative Management in the Government of the United States,* January 1937, p. 32.

A contrary view, however, was taken in the preliminary report of the Senate Special Committee to Investigate Unemployment and Relief, of which Senator James F. Byrnes was chairman. That report [8] stated:

"One of the greatest sources of complaint regarding the new system of unemployment compensation is the fact that the all-important employment service which is to a large extent responsible for the administration of unemployment compensation in most States is under the control, not of the Social Security Board, which has general supervision over State unemployment compensation, but of the Federal Department of Labor . . . The Committee recommends in the interest of efficiency and economy that the employment service now in the Department of Labor be transferred to the Social Security Board in order that its work may be coordinated with the work of the Unemployment Compensation Division of the Board."

In 1939 the need for unification at the Federal level was stressed in much of the testimony at the hearings of the House Ways and Means Committee, then considering changes in the Social Security Act, as well as at the hearings of the Senate Special Committee to Investigate Unemployment and Relief. Finally, under President Roosevelt's Reorganization Plan No. 1, effective July 1, 1939, the U. S. Employment Service was transferred from the Department of Labor to the Social Security Board and the Board was transferred to the newly created Federal Security Agency. In his message [9] transmitting his first plan on Government reorganization, President Roosevelt said:

"I find it necessary and desirable to group in a Federal Security Agency those agencies of the Government, the major purposes of which are to promote social and economic security, educational opportunity, and the health of the citizens of the Nation . . . The Social Security Board is placed under the Federal Security

[8] S. Rept. 1625, 75th Cong., 3d sess., Apr. 20, 1938, p. 10.

[9] H. Doc. 262, 76th Cong., 1st sess. These paragraphs also appear in *Issues in Social Security,* a report to the House Committee on Ways and Means by the Committee's Social Security Technical Staff, 1946, p. 683.

Agency and at the same time the United States Employment Service is transferred from the Department of Labor and consolidated with the unemployment compensation funtcions of the Social Security Board in order that their similar and related functions of social and economic security may be placed under a single head and their internal operations simplified and integrated.

"The unemployment compensation functions of the Social Security Board and the employment service of the Department of Labor are concerned with the same problem, that of the employment, or the unemployment, of the individual worker.

"Therefore, they deal necessarily with the same individual. These particular services to the particular individual also are bound up with the public assistance activities of the Social Security Board. Not only will these similar functions be more efficiently and economically administered at the Federal level by such grouping and consolidation, but this transfer and merger also will be to the advantage of the administration of State social security programs and result in considerable saving of money in the administrative costs of the governments of the 48 States as well as those of the United States. In addition to this saving of money there will be a considerable saving of time and energy not only on the part of administrative officials concerned with this program in both Federal and State Governments, but also on the part of employers and workers, permitting through the simplification of procedures a reduction in the number of reports required and the elimination of unnecessary duplication in contacts with workers and with employers."

From July 1, 1939, to September 1942, the U. S. Employment Service was administered by the Social Security Board. To reflect the expanded activities of job placement as well as benefit payments, the name of the Board's Bureau that was responsible for both the unemployment insurance and employment service functions was changed from Bureau of Unemployment Compensation to Bureau of Employment Security.

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The War and Immediate Postwar Period

The period of administration of both the U. S. Employment Service and the unemployment insurance functions by the Social Security Board was interrupted by the war. Twelve days after Pearl Harbor, President Roosevelt [10] asked the States to transfer voluntarily their employment services to Federal operation for the duration of the war. All States complied with the President's request.

On January 1, 1942, when the States turned over the operation of their State employment services to the Federal Government, the Wagner-Peyser Act with its matching grant provisions became inoperative, and the service was financed by direct Federal appropriations. It remained federally operated by the Social Security Board until September 17, 1942, when by Executive Order No. 9247 [11] under title I of the First War Powers Act it was transferred to the newly created War Manpower Commission; it remained there until September 19, 1945, when again by Executive order (9617) [12] under title I of the First War Powers Act the War Manpower Commission was abolished and the United States Employment Service was transferred to the Department of Labor. The Service continued to function as a federally operated organization until November 16, 1946. At that time, under the terms of the 1947 Labor-Federal Security Appropriation Act,[13] the field operations were returned to the States. The same legislation also provided for a separate Federal appropriation to meet 100 percent of the expenses of the State services and specified that a State need not make any appropriation to match Wagner-Peyser grants until after July 1, 1948.

Meanwhile, on July 16, 1946, pursuant to the Reorganization Act of 1945, President Truman's Reorganization Plan No. 2 of 1946 became effective. Among its provisions the plan transferred the maternal and child welfare functions of the Children's Bureau from the Department of Labor to the Federal Security Agency and abolished the Social Security Board. Thus, all the grant-in-aid functions of the Social Security Act were consolidated in the Federal Security Agency.

Reorganization Plan No. 2 of 1947

Under the terms of existing law, the U. S. Employment Service was scheduled to revert to the Federal Security Agency 6 months after the official termination of the war. On May 1, 1947, the President sent to Congress Reorganization Plan No. 2 of 1947, pursuant to the provisions of the Reorganization Act of 1945 approved December 20, 1945. This plan placed the U. S. Employment Service permanently in the Department of Labor, where it had been located temporarily by Executive order under the First War Powers Act. The plan thus provided for permanent separation of the employment service and unemployment insurance at the Federal level. In his message [14] to Congress transmitting the plan, the President declared that he was deeply interested in the continued development of the Department of Labor, and he went on to say:

"The provision of a system of public employment offices is directly related to the major purpose of the Department of Labor. Through the activities of the employment office system the Government has a wide and continuous relationship with workers and employers concerning the basic question of employment. To a rapidly increasing degree, the employment office system has become the central exchange for workers and jobs and the primary national source of information on labor market conditions. In the calendar year 1946 it filled 7,140,000 jobs, and millions of workers used its counsel on employment opportunities and on the choice of occupations.

"The Labor Department obviously should continue to play a leading role in the development of the labor market and to participate in the most basic of all labor activities—assisting workers to get jobs and employers to obtain labor. Policies and operations of the

[10] See *Issues in Social Security*, pp. 693–694, for text of the President's telegram of December 19, 1941, to the Governors.

[11] Ibid., pp. 694–695, for text of Executive order.

[12] Ibid., pp. 695–697.

[13] Public, 549, 79th Cong., 2d sess. (H. R. 6739).

[14] H. Doc. 231, 80th Cong., 1st sess.

Employment Service must be determined in relation to over-all labor standards, labor statistics, labor training, and labor law—on all of which the Labor Department is the center of specialized knowledge in the Government. Accordingly, the reorganization plan transfers the United States Employment Service to the Department of Labor."

The House Committee on Expenditures in the Executive Departments held hearings on the plan from May 21 to 27. Mr. Hoffman, for the Committee, reported favorably on House Concurrent Resolution 49, "that the Congress does not favor Reorganization Plan No. 2 . . .," on the ground that the reorganization plan would provide for separation of employment service and unemployment insurance at the Federal level and that turning down the plan would mean that the employment service would eventually revert to the Federal Security Agency, where it should be lodged. The report[15] stated:

"1. The Bureau of the Budget, while favoring the recommendation of the President, indicated that its professional staff differed as to the solution of this organization problem.

"2. The Department of Labor's representatives favored the consolidation of the two functions in one agency and expressed the opinion that the Department of Labor could administer more efficiently the two functions than any other agency of the Government because of the related programs having to do with labor statistics and other labor laws.

"3. The representatives of the Federal Security Agency believed that the administration of the unemployment compensation laws should remain, as at present, related to the administration of social security laws.

"4. The representatives of the State bodies administering these two programs expressed the belief that more efficiency and economy would be obtained by consolidating the two functions. . . .

"The chief argument of the Federal officials urging the permanent transfer to the Department of Labor was the fear that, in the Federal Security Agency, the job-placement function would be subordinated to the payment of unemployment benefits.

"No other witnesses concurred in this fear. The fact of the matter is that such subordination would have to take place at the operating level—in the States—in any event.

"The great weight of the evidence is to the effect that social security activities, which concern all the people—employers, employees, and generally the public—should be consolidated in one neutral agency. The committee believes it would be as great a mistake to place the Employment Service under the jurisdiction of the Department of Labor as to place it under the Department of Commerce."

On June 10, after a 3-hour debate, the House upheld the concurrent resolution disapproving the President's reorganization plan.

The Senate Subcommittee on Labor of the Committee on Labor and Public Welfare held hearings on June 16 and 17 and reported unfavorably on the concurrent resolution on June 20, thus supporting the President's reorganization plan.[16] The Subcommittee based its action on the grounds that the employment service was a labor function and should remain with other such functions in the Department of Labor. Senator Ball for the Committee declared:

"Employment service is a labor function and clearly comes within the basic purposes of the Department of Labor as defined by its organic act. No governmental activity is more directly designed to 'foster, promote, and develop the welfare of the wage earners of the United States and advance their opportunities for profitable employment' than the maintenance of a placement service to assist them in finding jobs and employers in obtaining workers.

"The work of the Employment Service ties in with that of a number of other units of the Labor Department, and there is a two-way flow of technical information and assistance between them. The Division of Labor Standards, the Women's Bureau, and the Bureau of Labor Statistics all perform functions which require cooperation with the Employment Service.

"It is true that at the State level the unemployment compensation and employment services are generally administered by the same personnel in the same office. It is desirable that they do so, for their services are complementary. The worker comes to those offices to secure a job or to obtain compensation while finding work. No such reasons prevail at the Federal level. Congress has provided separate Federal grants for employment service and unemployment compensation, and the costs of the two programs must be segregated to determine grants.

"Obviously, the objective should be to find the unemployed worker a job rather than to pay benefits. With the Employment Service in the Labor Department and solely concerned with the development of placement services, that program is more certain to receive vigorous leadership than if it were supervised by a Federal agency mainly interested in the administration of social insurance. Also, there is less possibility of neglecting the placement needs of the large groups of workers who are not covered by unemployment compensation.

"The State administrators who testified before the committee recommended that the United States Employment Service be permanently placed in the Federal Security Agency. All admitted, however, that there had been excellent cooperation in the working out of uniform regulations between the Department of Labor and the Federal Security Agency, and no complaint with respect to either was advanced."

Three members of the Subcommittee (Senators Ives, Jenner, and Donnell) issued a minority report. The report held that the employment service and unemployment insurance programs should be administered by a single Federal agency, declaring:

"It appears obvious that every purpose would be best served by consolidation of the two services under one head. The chief argument of the Federal officials urging the permanent transfer of United States Employment Service to the Department of Labor was apprehension that in the Federal Security Agency the job-placement function would be subordinated to the payment of unemployment benefits.

[15] H. Rept. 499, 80th Cong., 1st sess., to accompany H. Con. Res. 49.

[16] S. Rept. 320, 80th Cong., 1st sess.

The minority agrees that in any consolidation emphasis should, and could, be placed upon the work of the Employment Service."

After debate, the Senate on June 30 upheld the concurrent resolution and turned down the reorganization plan by the close vote of 42–40.

Congressional consideration of Reorganization Plan No. 2 clearly indicated that it was the intent of Congress that both the unemployment insurance and employment service functions should be lodged in the same Federal agency. It did not settle definitely what Federal agency that should be, although disapproval of the reorganization plan left the U. S. Employment Service scheduled to revert to the Federal Security Agency 6 months after the termination of the war.

Reorganization Plan No. 1 of 1948

President Truman on January 19, 1948, sent to Congress Reorganization Plan No. 1 of 1948. This plan provided that the United States Employment Service be retained permanently in the Department of Labor and that the functions of the Federal Security Administrator in relation to unemployment insurance be transferred to the Secretary of Labor. It also provided for transfer of the Bureau of Employment Security from the Federal Security Agency to the Department of Labor and for integration of the employment service and unemployment insurance programs in one Federal agency. The order went further, however. It called for the creation of the position of Commissioner of Employment, who would be appointed by the Secretary of Labor and perform such of the transferred functions as the Secretary of Labor should designate. It extended the jurisdiction of the Federal Advisory Council created by the Wagner-Peyser Act to cover unemployment insurance matters. It also provided that "in order to coordinate more fully the grant-in-aid programs under the functions transferred by the provisions of this plan the Secretary of Labor shall, insofar as practicable, establish or cause to be established uniform standards and procedures relating to fiscal, personnel, and other requirements common to both such programs and provide for a single Federal review with respect to such requirements."

In his message[17] transmitting the plan, President Truman said:

"This plan will place the administration of the employment service and unemployment compensation functions of the Federal Government in the most appropriate location within the executive establishment and will provide for their proper coordination. . . .

"Both the Employment Service and the unemployment compensation system are concerned with the worker as a member of the labor force. Both are concerned with shortening the periods of unemployment and with promoting continuity of employment. When the worker becomes unemployed, the alternatives are either to assist him in obtaining new employment or to pay him benefits. The proper emphasis is on employment rather than on benefit payments. This emphasis can best be achieved by having the two programs administered in the agency most concerned with the employment process—the Labor Department."

The following day, January 20, Representative Hoffman introduced House Concurrent Resolution 131 turning down the reorganization plan. It was referred to the Committee on Expenditures in the Executive Departments, which held hearings on the plan on February 5–7. On February 9 the Committee reported favorably on the concurrent resolution—in other words, disapproving the reorganization plan. Its report,[18] signed by 15 Committee members, stated:

"Because the Department of Labor was created to and must, of necessity, be an advocate of labor, and because a nonpartisan commission, on which the public, the executive departments, and the legislative departments are adequately and competently represented, is now engaged in spending almost a million dollars in a study involving the same subject outlined in Reorganization Plan No. 1 of 1948, that plan should be rejected. The Congress should await the report of the Commission on Organization of the Executive Branch of the Government."

Eight members of the Committee issued a minority report holding that the proper place to lodge both functions is in the Department of Labor because other functions of that Department are closely related to employment service and unemployment insurance functions. The report stated:

"Both the majority and the minority agree that both these programs should be together in the same department of Government. They further agree that finding an unemployed worker a job is more important than to pay him unemployment benefits. No one questions that the job-finding function is a proper responsibility of the Department of Labor. In fact, the basic legislation creating the United States Department of Labor states that 'the purposes of the Department of Labor shall be . . . to advance their [workers'] opportunities for profitable employment.'

"It should be perfectly apparent to everyone that the Department of Labor cannot effectively carry out its statutory obligation without some responsibility for the only Nation-wide agency established specifically for the purpose of bringing workers and jobs together. There was not the slightest shred of evidence presented in the hearings to refute the well-substantiated fact that both the unemployment compensation and the employment service programs are directly related to other functions conducted by the United States Department of Labor, such as the programs of Apprentice Training Service, the Division of Labor Standards, the Women's Bureau, and the Bureau of Labor Statistics. The minority fails to find any relationship whatsoever between either the unemployment compensation or the United States Employment Service program and education, public health, cancer control, public assistance, infant and child care, food and drug administration, St. Elizabeths Hospital, and similar programs administered by the Federal Security Agency. . . .

"The view has been expressed by members of the majority that no ac-

[17] H. Doc. 499, 80th Cong., 2d sess. Reprinted in *Hearings Before the House Committee on Expenditures in the Executive Departments*, 80th Cong., 2d sess., on H. Con. Res. 131, pp. 1–2 (1948).

[18] H. Rept. 1368, 80th Cong., 2d sess.

tion should be taken on the reorganization of Government agencies until such time as the report of the Hoover Commission becomes available. It was stated that the President's reorganization plan is a usurpation by the Executive of legislative responsibilities. Such a view fails to take account of the fact that the President's reorganization plan conforms with the obligations specifically placed upon him by the action of the Congress in the Reorganization Act of 1945. And, furthermore, it is significant to note, as was pointed out in the testimony on the Reorganization Plan No. 2, of last year, that in 1937 there was a President's Committee of Administrative Management, comparable to the Hoover Commission, which studied the functions and proper organization of the Federal Government. That committee in its report drew a sharp distinction between governmental functions based upon needs and those concerned with rights. That committee stated that programs based upon rights, such as unemployment compensation and the employment service, properly belong in the Department of Labor, while programs dealing with need, such as old-age pensions, public relief, child care, and public health properly belong in a department of welfare. . . .

"All State administrators who testified were agreed that in the interests of a sound, well-functioning system of public employment offices and unemployment compensation, it is desirable and necessary that the two programs be brought together in the Federal Government without further delay."

After debate in the House on February 25 the concurrent resolution was agreed to and the President's reorganization plan disapproved. The opponents and proponents of the reorganization plan made arguments similar to those incorporated in the report of the Committee.

A subcommittee of the Senate Committee on Labor and Public Welfare, to which House Concurrent Resolution 131 was referred, conducted hearings on it on February 27 and 28. Its report, issued on March 4, was against adoption of the concurrent resolution. It recommended that the reorganization plan pass, on the ground that, since there was agreement that both unemployment compensation and the employment service should be administered by the same Federal agency, they should be lodged in the Department of Labor where they would be more directly related to other labor functions than they would in any other department of Government. In so reporting, the Senate Committee, like the House, followed the same action it had taken the preceding year on Reorganization Plan No. 2 of 1947.

The Committee report[19] made the following points:

"The unemployment compensation and employment service programs are more directly related to other functions of the Department of Labor than to the functions of any other department of the Government. . . .

"In essence, therefore, the principal opposition to the reorganization plan boils down to an expression of fear that the Department of Labor, through the Secretary of Labor, would be biased and prejudiced in its actions. It has also been alleged by opponents of the plan that because of alleged bias of the Department of Labor, employers will not use the public employment offices of the Employment Service. There is no basis of fact to support this position. No testimony before the committee reveals a single instance, or any other concrete evidence, to support the fear that prejudice would govern the actions of the Department of Labor in administration of the subject programs. . . .

"In light of the foregoing considerations, it is the view of the committee that Reorganization Plan No. 1 of 1948 should be approved, and that House Concurrent Resolution 131 should be rejected. In coming to this conclusion, recognition has been given to the existence of the Commission on Organization of the Executive Branch of the Government, established under provisions of Public Law 162, Eightieth Congress, first session. With all due regard to the purposes and program of the Commission, the committee realizes that the Commission's deliberations will not be completed until 1949 and that considerable additional time must necessarily elapse before its recommendations could be implemented. The committee believe it desirable, and it was so testified to by both State and Federal officials, that the employment service and unemployment compensation programs be brought together in the Federal Government without further delay. Finally, the committee would point out that in rejecting Reorganization Plan No. 2 last year, the principal objection to placing the United States Employment Service permanently in the Department of Labor was that the two programs were not placed together in the same department. This position obviously is no longer tenable and the committee finds no basis for further procrastination."

Three members of the Committee (Senators Jenner, Ives, and Taft) dissented, on the ground that both programs should be lodged in a department that has the confidence of employers as well as labor, that the unemployment insurance and employment service functions are more directly related to other activities of the Federal Security Agency than to those of the Department of Labor, and that greater economies would result by location in the Agency. Their minority report declared:

"The Department of Labor was created for the express purpose of fostering, promoting, and developing the interests of labor and, accordingly, is a protagonist of labor. It does not profess to give official recognition or representation of the employer's viewpoint. . . .

"It is the opinion of the minority that the subject programs are related to a larger number of activities currently under the jurisdiction of the Federal Security Agency than is true of their relationship to activities under the Department of Labor. . . .

"Evidence before the committee does not, in the opinion of the minority, indicate that the reorganization plan, if effectuated, would 'reduce expenditures and promote economy to the fullest extent.' . . .

"There is another compelling rea-

[19] S. Rept. 967, 80th Cong., 2d sess.

son why Reorganization Plan No. 1 of 1948 should not be approved at this time. The whole question of the organization of the executive branch of the Government is now being studied by a commission specifically created for that purpose by Public Law 162, of the first session of the Eightieth Congress. . . .

"Any loss of economy or efficiency resulting from continued separation of the United States Employment Service and the Bureau of Employment Security for the next few months would be more than offset by the expense and confusion of a later reshuffling of these functions, which would be required should the Commission make any recommendations further affecting the location and operation of these agencies."

On March 16 the Senate debated House Concurrent Resolution 131, approving it by a vote of 58 to 25 and thus defeating the President's Reorganization Plan No. 1. Under existing statute the U. S. Employment Service is scheduled to revert to the Federal Security Agency 6 months after the official termination of the war, when the unemployment insurance and employment service functions will once more be lodged in the Federal Security Agency.

Proposed Changes in Old-Age and Survivors Insurance: Report of the Advisory Council on Social Security to the Senate Finance Committee*

The Advisory Council on Social Security, appointed by the Senate Committee on Finance to make a full and complete investigation of the present social security program, made its first report to the Committee on April 8. The report, the first part of which is reproduced here, deals exclusively with the Council's recommendations for necessary and desirable changes in the present program of old-age and survivors insurance. These proposals, which parallel many of the recommendations made by the Social Security Administration and by its predecessor, the Social Security Board, are designed, the report declares, "to provide a program that will meet the present needs of the people without imposing too heavy a burden on the taxpayers of the future. The Council anticipates that still further revisions in the program will be needed as future events affect family life, the labor force, and the general conditions under which people live."

THE ADVISORY COUNCIL on Social Security was created by the Senate Committee on Finance under the authority of Senate Resolution 141, adopted July 23, 1947. The resolution directed the Committee "to make a full and complete investigation of old-age and survivors insurance and all other aspects of the existing social security program, particularly in respect to coverage, benefits, and taxes related thereto. . ." and authorized an appropriation of $25,000 to be spent for that purpose. An additional $25,000 to finance the work through the current fiscal year was made available by Senate Resolution 202, adopted March 11.

The 17 members of the Advisory Council were appointed on September 17, 1947. Edward R. Stettinius, Jr., rector of the University of Virginia, was named chairman, and Sumner H. Slichter of Harvard University, associate chairman. The other members, drawn from various fields and representing different parts of the country, are: Frank Bane, executive director of the Council of State Governments; J. Douglas Brown, dean of the faculty, Princeton University; Malcolm Bryan of the Trust Company of Georgia; Nelson H. Cruikshank, director of social insurance activities, American Federation of Labor; Mary H. Donlon, chairman of the New York State Workmen's Compensation Board; Adrien J. Falk, president of the S & W Fine Foods, Inc.; Marion B. Folsom, treasurer of the Eastman Kodak Co.; M. Albert Linton, president of the Provident Mutual Life Insurance Co.; John Miller, assistant director of the National Planning Association; William I. Myers, dean of the New York State College of Agriculture; Emil Rieve, president of the Textile Workers' Union and vice president of the Congress of Industrial Organizations; Florence R. Sabin, scientist; S. Abbot Smith, president of the Thomas Strahan Co.; Delos Walker, vice president of R. H. Macy & Co.; and Ernest C. Young, dean of the graduate school of Purdue University.

In the present report the Council presents its recommendations for closing the gaps in the protection now offered by old-age and survivors insurance. Necessary and desirable changes in other parts of the social security program are to be discussed in later reports.

In offering its proposals for strengthening old-age and survivors insurance, the Council "has endeavored to take full account of the interests—both present and future—of all segments of the Nation." Changes that have occurred in the economy since 1939, when the general structure of the present program was adopted, are related to the recommendations, and the report directs particular attention to the problem of financing the program. In shaping the recommendations, the Council was assisted by the studies of its interim committee and its technical staff, as well as by statements and other information received from Federal agencies and from interested groups and individuals. The following material is taken verbatim from the introductory section, which summarizes the recommendations developed at greater length in the body of the report.

Opportunity for the individual to secure protection for himself and his family against the economic hazards of old age and death is essential to the sustained welfare, freedom, and dignity of the American citizen. For some, such protection can be gained

*Committee Print, 80th Cong., 2d sess.

through individual savings and other private arrangements. For others, such arrangements are inadequate or too uncertain. Since the interest of the whole Nation is involved, the people, using the Government as the agency for their cooperation, should make sure that all members of the community have at least a basic measure of protection against the major hazards of old age and death.

In the last analysis the security of the individual depends on the success of industry and agriculture in producing an increasing flow of goods and services. However, the very success of the economy in making progress, while creating opportunities, also increases risks. Hence, the more progressive the economy, the greater is the need for protection against economic hazards. This protection should be made available on terms which reinforce the interest of the individual in helping himself. A properly designed social security system will reinforce the drive of the individual toward greater production and greater efficiency, and will make for an environment conducive to the maximum of economic progress.

The Method of Social Insurance

The Council favors as the foundation of the social security system the method of contributory social insurance with benefits related to prior earnings and awarded without a needs test. Differential benefits based on a work record are a reward for productive effort and are consistent with general economic incentives, while the knowledge that benefits will be paid—irrespective of whether the individual is in need—supports and stimulates his drive to add his personal savings to the basic security he has acquired through the insurance system. Under such a social insurance system, the individual earns a right to a benefit that is related to his contribution to production. This earned right is his best guaranty that he will receive the benefits promised and that they will not be conditioned on his accepting either scrutiny of his personal affairs or restrictions from which others are free.

Public assistance payments from general tax funds to persons who are found to be in need have serious limitations as a way of maintaining family income. Our goal is, so far as possible, to prevent dependency through social insurance and thus greatly reduce the need for assistance. We recognize that, for a decade or two, public assistance will be necessary for many persons whose need could have been met by the insurance program if it had been in effect for a longer time and had covered all persons gainfully employed. The Council looks forward, however, to the time when virtually all persons in the United States will have retirement or survivorship protection under the old-age and survivors insurance program. If insurance benefits are of reasonable amount, public assistance will then be necessary only for those aged persons and survivors with unusual needs and for the few who, for one reason or another, have been unable to earn insurance rights through work. Under such conditions the Federal expenditure for public assistance can be reduced to a small fraction of its present amount.

The Council has studied the existing system of old-age and survivors insurance and unanimously approves its basic principles. The Council, however, finds three major deficiencies in the program:

1. Inadequate coverage — only about 3 out of every 5 jobs are covered by the program.
2. Unduly restrictive eligibility requirements for older workers—largely because of these restrictions, only about 20 percent of those aged 65 or over are either insured or receiving benefits under the program.
3. Inadequate benefits — retirement benefits at the end of 1947 averaged $25 a month for a single person.

The Council's recommendations are designed to remedy these major defects.

The Council has agreed unanimously on 20 of its 22 specific recommendations.[1] . . .

Summary of Recommendations

Recommendations on Coverage

1. *Self-employment.* — Self-employed persons such as business and professional people, farmers, and others who work on their own account should be brought under coverage of the old-age and survivors insurance system. Their contributions should be payable on their net income from self-employment, and their contribution rate should be 1½ times the rate payable by employees. Persons who earn very low incomes from self-employment should for the present remain excluded.
2. *Farm workers.*—Coverage of the old-age and survivors insurance system should be extended to farm employees.
3. *Household workers.* — Coverage of the old-age and survivors insurance system should be extended to household workers.
4. *Employees of nonprofit institutions.*—Employment for nonprofit institutions now excluded from coverage under the old-age and survivors insurance program should be brought under the program, except that clergymen and members of religious orders should continue to be excluded.[2]
5. *Federal civilian employees.*—Old-age and survivors insurance coverage should be extended immediately to the employees of the Federal Government and its instrumentalities who are now excluded from the civil-service retirement system. As a temporary measure designed to give protection to the short-term Government worker, the wage credits of all those who die or leave Federal employment with less than 5 years' service should be transferred to old-age and survivors insurance. The Congress should direct the Social Security Administration and the agencies administering the various Federal retirement programs to develop a permanent plan for extending old-age and survivors insurance to all Federal civilian employees, whereby the benefits and contributions of the Federal retirement systems would supplement the protection of old-age and survivors insurance and provide combined benefits at least equal to those now payable under the special retirement systems.
6. *Railroad employees.*—The Congress should direct the Social Security Administration and the Railroad Re-

[1] See footnotes 2 and 3.

[2] Two members of the Council favor extension of coverage to the nonprofit group on an elective basis.

tirement Board to undertake a study to determine the most practicable and equitable method of making the railroad retirement system supplementary to the basic old-age and survivors insurance program. Benefits and contributions of the railroad retirement system should be adjusted to supplement the basic protection afforded by old-age and survivors insurance, so that the combined protection of the two programs would at least equal that under the Railroad Retirement Act.

7. *Members of the armed forces.*—Old-age and survivors insurance coverage should be extended to members of the armed forces, including those stationed outside the United States.

8. *Employees of State and local governments.*—The Federal Government should enter into voluntary agreements with the States for the extension of old-age and survivors insurance to the employees of State and local governments, except that employees engaged in proprietary activities should be covered compulsorily.

9. *Social security in island possessions.*—A commission should be established to determine the kind of social security protection appropriate to the possessions of the United States.

10. *Inclusion of tips as wages.*—The definition of wages as contained in section 209 (a) of the Social Security Act, as amended, and section 1426 (a) of subchapter A of chapter 9 of the Internal Revenue Code should be amended to specify that such wages shall include all tips or gratuities customarily received by an employee from a customer of an employer.

Recommendations on Eligibility

11. *Insured status.*—To permit a larger proportion of older workers, particularly those newly covered, to qualify for benefits, the requirements for fully insured status should be 1 quarter of coverage for each 2 calendar quarters elapsing after 1948 or after the quarter in which the individual attains the age of 21, whichever is later, and before the quarter in which he attains the age of 65 (60 for women) or dies. Quarters of coverage earned at any time after 1936 should count toward meeting this requirement. A minimum of 6 quarters of coverage should be required and a worker should be fully and permanently insured if he has 40 quarters of coverage. In cases of death before January 1, 1949, the requirement should continue to be 1 quarter of coverage for each 2 calendar quarters elapsing after 1936 or after the quarter in which the age of 21 was attained, whichever is later, and before the quarter in which the individual attained the age of 65 or died.

Recommendations on Benefits

12. *Maximum base for contributions and benefits.*—To take into account increased wage levels and costs of living, the upper limit on earnings subject to contributions and credited for benefits should be raised from $3,000 to $4,200. The maximum average monthly wage used in the calculation of benefits should be increased from $250 to $350.[3]

13. *Average monthly wage.*—The average monthly wage should be computed as under the present law, except that any worker who has had wage credits of $50 or more in each of 6 or more quarters after 1948 should have his average wage based either on the wages and elapsed time counted as under the present law or on wages and elapsed time after 1948, whichever gives the higher result.

14. *Benefit formula.*—To provide adequate benefits immediately and to remove the present penalty imposed on workers who lack a lifetime of coverage under old-age and survivors insurance, the primary insurance benefit should be 50 percent of the first $75 of the average monthly wage plus 15 percent of the remainder up to $275. Present beneficiaries, as well as those who become entitled in the future, should receive benefits computed according to this new formula for all months after the effective date of the amendments.

15. *Increased survivor protection.*—To increase the protection for a worker's dependents, survivor benefits for a family should be at the rate of three-fourths of the primary insurance benefit for one child and one-half for each additional child, rather than one-half for all children as at present. The parent's benefit should also be increased from one-half to three-fourths. Widows' benefits should remain at three-fourths of the primary insurance benefit.

16. *Dependents of insured women.*—To equalize the protection given to the dependents of women and men, benefits should be payable to the young children of any currently insured woman upon her death or eligibility for primary insurance benefits. Benefits should be payable also (a) to the aged, dependent husband of a primary beneficiary who, in addition to being fully insured, was currently insured at the time she became eligible for primary benefits, and (b) to the aged, dependent widower of a woman who was fully and currently insured at the time of her death.

17. *Maximum benefits.*—To increase the family benefits, the maximum benefit amount payable on the wage record of an insured individual should be three times the primary insurance benefit amount or 80 percent of the individual's average monthly wage, whichever is less, except that this limitation should not operate to reduce the total family benefits below $40 a month.

18. *Minimum benefit.*—The minimum primary insurance benefit payable should be raised to $20.

19. *Retirement test.*—No retirement test (work clause) should be imposed on persons aged 70 or over. At lower ages, however, the benefits to which a beneficiary and his dependents are entitled for any month should be reduced by the amount in excess of $35 which he earns from covered employment in that month. Benefits should be suspended for any month in which such earnings exceed $35 but, each quarter, beneficiaries should receive the amount by which the suspended benefits exceeded earnings above the exemption.

20. *Qualifying age for women.*—The minimum age at which women may qualify for old-age benefits (primary, wife's, widow's, parent's) should be reduced to 60 years.

21. *Lump-sum benefits.*—To help meet the special expenses of illness and death, a lump-sum benefit should be payable at the death of every insured worker even though monthly

[3] While the majority of the Council favor increasing the upper limit to $4,200, some favor keeping the limit at $3,000 and some favor increasing it to $4,800.

survivor benefits are payable. The maximum payment should be four times the primary insurance benefit rather than six times as at present.

Recommendations on Financing

22. *Contribution schedule and Government participation.*—The contribution rate should be increased to 1½ percent for employers and 1½ percent for employees at the same time that benefits are liberalized and coverage is extended. The next step-up in the contribution rate, to 2 percent on employer and 2 percent on employee, should be postponed until the 1½-percent rate plus interest on the investments of the trust fund is insufficient to meet current benefit outlays and administrative costs. There are compelling reasons for an eventual Government contribution to the system, but the Council feels that it is unrealistic to decide now on the exact timing or proportion of that contribution. When the rate of 2 percent on employers and 2 percent on employees plus interest on the investments of the trust fund is insufficient to meet current outlays, the advisability of an immediate Government contribution should be considered.

Technical and Minor Amendments

In addition to these major recommendations, several minor and technical amendments are needed to correct certain inequities and administrative problems resulting from the present provisions. The Council has preferred in the main to leave recommendations on such questions to the Social Security Administration. The Council would like to call attention, however, to the need for additional adjustments to protect the rights of men who served in World War II. Our general recommendations, if put into effect, would remove most of the inequities which these veterans would otherwise suffer; but, in addition, section 210[4] of the present act should be temporarily extended to protect veterans during the transitional period until our general recommendations become fully operative. The Council also wishes to call attention to the lack of coverage for American citizens employed outside the United States by American firms.

[4] Section 210 provides special survivor benefits to dependents of veterans who died within 3 years of discharge if such dependents are not entitled to survivor benefits under veterans' laws.

Interdependence of Recommendations

The Council stresses the fact that its recommendations are a consistent whole and that many of the 22 specific proposals are interdependent. If coverage is not broadly extended, for example, the Council would propose very different modifications in the present provisions for insured status, benefit structure, method of determining the average monthly wage, and financing. Accordingly, the Council strongly urges that its recommendations be considered as a whole.

Plan of the Report

The Council's proposed remedies for the three major deficiencies of the present program—inadequate coverage, unduly restrictive eligibility requirements, and inadequate benefits—are outlined in this section. The test of retirement, financing, and the importance of a broad informational program are also discussed. . . . Appendixes A and B are concerned with special aspects of costs and financing.

Goal of Universal Coverage

The basic protection afforded by the contributory social insurance system under the Social Security Act should be available to all who are dependent on income from work. The character of one's occupation should not force one to rely for basic protection on public assistance rather than insurance.

Earlier decisions to exclude the self-employed, workers in agriculture, and workers in domestic service from coverage of the insurance system were based on expectation there would be administrative difficulties in collecting contributions and obtaining wage reports for these groups. Other groups such as railroad workers, Government employees, and employees of religious, charitable, and educational institutions were excluded for various reasons—because some of the workers were protected under existing retirement plans, because of the constitutional barrier to the levy of a Federal tax on State and local governments, or because of objections to taxing traditionally tax-exempt nonprofit organizations.

The Council believes that none of the reasons for the original exclusions justifies continued denial of basic social insurance protection to these groups. The administrative difficulties which may arise from including the self-employed and workers in agriculture and domestic service seem far less formidable today than they did 10 years ago when the social insurance system was new and in the early stages of developing its administrative organization.

Ten years' experience with incomplete coverage has revealed the many inequities and anomalies which arise when workers move between covered and noncovered employments. In many cases these workers pay contributions but never receive benefits, and in others they may become entitled to benefits which, though small, are worth far more in relation to their contributions than are the benefits of workers covered regularly.

The present incomplete system of social insurance affords uneven protection in different parts of the United States. Coverage restrictions cause relatively fewer people to receive old-age and survivors insurance benefits in agricultural States than in States where industry predominates. Conversely, the number of persons receiving old-age assistance per 1,000 aged population is considerably larger in the agricultural States. . . As a consequence, the taxpayers of the agricultural States must meet, from general revenues, a disproportionate share of the costs of old-age security and aid to families of workers who die prematurely. Since the per capita income of most predominantly agricultural States is far below that of the largely industrial and commercial States, the former have relatively more people in need of assistance and smaller revenues from which to meet this need.

Employers as well as employees suffer from the lack of protection for the noncovered occupations, because employers offering noncovered jobs cannot furnish as attractive labor conditions as those of their competitors

in the labor market who are in covered industries. Some workers who have been protected by social insurance during the war have been unwilling to return to such noncovered jobs as agriculture or domestic work or work in nonprofit organizations, where they will lose that protection.

An incidental but important result of extension of coverage will be a reduction in the percentage of pay rolls required to meet the costs of old-age and survivors insurance. Extension of coverage would increase the revenue of the program more than it increases benefit payments. The net saving would be roughly one-half percent to 1 percent of pay roll under the present provisions. Under a program of liberalized benefits such as we recommend, costs would, of course, be increased, but under such a program the net saving as a result of the extension of coverage would also be increased—possibly to as much as 2 percent of pay roll. The saving occurs in the main because under the present limited coverage system, those who move in and out of covered employment have low average monthly wages in covered employment and receive the advantage of a formula weighted in favor of those with low average wages. Under extended coverage such persons will have to pay contributions on all the wages which they earn, and although their benefits will be increased, they will be increased at the lower rate of the formula (the present formula pays 40 percent of the first $50 of average monthly wage, but only 10 percent above) and the income to the fund will increase more than the claims against it.

There are no immediate obstacles to extension of coverage to the self-employed, farm employees, workers in domestic service, employees of nonprofit institutions, the armed forces, and employees of State and local governments. Accordingly, the Council recommends that coverage be extended to these groups without delay. A similar recommendation applies to the Federal civilian employees who are not under the civil-service retirement system. Extension of coverage to Federal civilian employees who are subject to the Federal retirement plan and to the employees of the railroads, however, requires solution of various technical problems before legislation is enacted. The civil-service retirement system and the railroad retirement system will have to be modified to take into account the protection which would be afforded by coverage under old-age and survivors insurance. The Council believes that the best way to work out these problems is through joint studies by the Social Security Administration and the Civil Service Commission in the case of Federal civilian employees, and the Social Security Administration and the Railroad Retirement Board in the case of the railroad employees. The Council has recommended that the necessary studies be required by Congress. Extension of coverage to types of employment with existing staff retirement systems or compulsory insurance protection can and should be accomplished without any loss of benefits to the workers regularly covered by these systems. This result can be achieved by making their present special pension plans supplementary to old-age and survivors insurance.

Since the present civil-service retirement plan and railroad retirement system now give more protection to those regularly covered than would old-age and survivors insurance, the question may be asked: "Why extend old-age and survivors insurance to Federal civil-service employees or to railroad workers?" . . . In essence, the answer is that some workers, particularly short-service workers and those who move in and out of Federal or railroad employment, are inadequately protected under present arrangements. An extension of coverage would help these workers without reducing the combined protection available for long-service workers. In addition, if the Council's recommendation for an eventual Government contribution were followed, an extension of coverage would mean that these employers and employees would pay less for that protection.

Limitations of Voluntary Methods

Voluntary coverage under old-age and survivors insurance has been suggested. In the opinion of the Council, voluntary coverage is defensible only where the Federal Government cannot under the Constitution apply compulsion. Since it is apparently unconstitutional for the Federal Government to tax the States and localities, we believe it necessary to allow these units to enter into voluntary compacts for the coverage of their employees. We are convinced that to offer voluntary coverage in any area where it can possibly be avoided would be a grave mistake.

Since the chief objective of the old-age and survivors insurance program is basic family protection adequate for the needs that can be presumed to exist in various family situations, the program contains eligibility and benefit provisions which, especially in the early years of operation and in the case of workers with large families, allow for the payment of benefits considerably in excess of the value of contributions. These provisions make the program vulnerable if voluntary participation by individuals is allowed. The "adverse selection" which would occur would have serious effects on the program's solvency.

Voluntary participation by employing organizations would have less serious but still highly undesirable effects. The organizations most likely to participate in an elective program would be those whose employees as a group would stand to gain disproportionately large benefits in return for their contributions, such as organizations largely made up of persons nearing retirement age or men with large families. Furthermore, many employers in the groups now excluded employ only a few persons. The smaller the staff, the greater the probabilities that the distribution of employees by age, sex, and family dependents will differ from the distribution which obtains among the employee population as a whole and therefore the greater are the possibilities of adverse selection. Under a voluntary system, the employers who pay the lowest wages and whose employees consequently may be in greatest need of protection would be least likely to elect coverage.

The history of voluntary social insurance indicates that those who most need the protection seldom participate. Usually the persons who choose

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to participate are those who can expect a large return for their contributions and who can easily spare the money. We see no justification whatever in offering insurance protection at extreme bargain rates to a select group, consisting primarily of those who recognize the opportunity for a bargain and are well able to take advantage of it, and in requiring the covered group as a whole to bear the cost of the difference between what the select group pays and what it receives.

More Liberal Eligibility Requirements for Older Workers

Old-age and survivors insurance now offers basic retirement protection to the majority of younger workers, but many of those in the middle and higher age groups will not be eligible for benefits when they retire. The worker who is now young and has a whole working lifetime of some 40 years ahead has ample opportunity to build up credits toward meeting the present eligibility requirements. Older workers, however, have only relatively limited opportunity to build up such credits, and many fail to qualify who would have done so had the program come into existence when they were young. The Council believes that, in establishing eligibility requirements, special allowance should be made for those who were already at the higher ages when the system began. Liberalization of the present eligibility requirements is made even more necessary if coverage is extended. As a group, newly covered workers will have had no opportunity to build up credits in the past and, unless some change is made in the requirements, very few of the older workers in the newly covered groups would ever be eligible for retirement benefits.

If the effectiveness of the social insurance method of meeting income loss in old age is not to be unduly postponed, the period of covered employment required for insured status will have to be substantially reduced. It should not, of course, be reduced so far as to endanger the character of the benefit as an earned right based on contributions and work records. We propose as a method of reducing the requirements for insured status a "new start" which will require the same qualifying period for an older worker now as was required for a person who was the same age when the system began operation. As pointed out in the report which follows, this recommendation is contingent on a broad extension of coverage.

More Adequate Benefits Now

The benefit amounts now being paid under the old-age and survivors insurance program are inadequate for the security of most of the beneficiaries. At the end of 1946 the average benefit for a retired male worker alone was $24.90 a month, the average benefit for a retired man and wife was $39, and the average family benefit for a widow and two children was $48.20. If the old-age and survivors insurance program is to do an effective job of insuring gainfully occupied individuals and their families against dependency in the old age or on the death of a family breadwinner, the level of benefits must be raised.

Under the present program, benefits are computed as a basic amount which is increased by 1 percent for each year in which the wage earner received $200 or more in wages. Full-rate benefits, under this system of computation, will not be paid until after 1980, when those now young will be able to retire on benefits some 40 percent larger than the basic amounts payable at the beginning of the system's operation.

The Council believes that the primary benefit should be 50 percent of the first $75 of the average monthly wage and 15 percent of the remainder up to the maximum average monthly wage ($350 a month) that can be counted toward benefits. Under this formula, the full rate of benefits contemplated for the future would be paid at once and the 1-percent increment would be eliminated. Without the increment, which commits the system to an automatically increasing level of benefits, a higher level of benefits can be paid immediately than would be warranted under a formula such as that in the present law.

Our proposed benefit formula was chosen because it combines the advantages of relatively high benefits in the low wage brackets with a considerable spread of benefit amounts for the middle and higher wage levels.

In addition to the revision in the benefit formula, several other changes we recommend would have the effect of making benefits more adequate. Extension of coverage will achieve this result for those who move in and out of the employments now covered, since their future benefits will be based on all their earnings up to the maximum base rather than only on those earned in certain types of employment. By reducing the age of eligibility for women from 65 to 60, benefits payable to a family consisting of a primary beneficiary and his wife aged 60 to 64 would be increased immediately by 50 percent. By raising the base for computation of benefits from the present $3,000 to $4,200, the benefits for workers at the higher wage levels will be increased somewhat in the near future and to a greater extent as additional years elapse—an increase for which in a mature program these workers will have paid by additional contributions. An increase in benefits would also result from our recommendation for basing benefits solely on wages earned after 1948 if such wages result in a higher average monthly wage than that derived from all wages earned under the program. After this "new start" provision becomes effective, the over-all effect of our recommendations would be to increase the benefit currently awarded a retired male worker alone from the present average of about $25 a month to an average of about $55. An average benefit for man and wife would be about $85 a month, and the average family benefit for a widow and two children would be about $110. These amounts are higher than those which would be paid under the proposed formula before the new start becomes effective.

Test of Retirement

The rapidly increasing number of aged in the population has made the Council conscious of the need for modification of the present retirement test, which prevents the payment of benefits to all who earn $15 a month or more in covered employment. Since the time of the passage of the original

act, the number of persons aged 65 and over has risen from somewhat more than 7.8 million to nearly 11 million. In another 25 years there may be nearly 20 million aged persons in the United States. In these circumstances it is particularly important that the aged make the contribution to production of which they are capable.

Most aged persons, it is true, do not retire voluntarily. Generally speaking, those who retire do so at the will of the employer or because they are unable to work. The existence of a work clause in old-age and survivors insurance probably has little effect on this basic fact, since few people are likely to give up full-time jobs because of the availability of old-age and survivors insurance benefits. The present very restrictive work clause, however, probably discourages some of those who have retired from their regular jobs from making such contribution to production as they are capable of making. We have therefore suggested liberalizations in the retirement test which will remove some of the barriers to gainful activity on the part of beneficiaries.

The Council believes that further study of the broad problem of the aged in our society is desirable. We recommend that the Federal Government establish a commission to undertake such a study. We have in mind particularly consideration of employment opportunities for the aged, their adjustment to retirement, the availability of recreational facilities, housing for the aged, care for the chronically ill, and other services. The maintenance of income for those who have retired is only part of the provision of security for the aged.

Financing

A primary consideration in evaluating proposals for social security benefits must be the impact of their present and future costs on the Nation's economy. The recommendations of the Council for changes in benefits and in coverage have been made only after careful consideration of the probable costs and the method for financing them. The Council, however, would be less than frank if it failed to stress the difficulties of estimating the ultimate cost of the system. Appendix B of [the full] report deals with the problem of estimating costs and discusses in some detail the nature and purpose of long-range cost estimates.

Exactly what future costs will be will depend on a number of factors that are more or less uncertain—the proportion of men and women in covered employment who will reach the age of retirement, the proportion of persons reaching the age of retirement who will have fully insured status, the proportion of persons eligible for benefits who will elect to work rather than retire, and the length of time retired persons will draw benefits. Similar questions arise in connection with survivorship benefits.

In setting the contribution rates for the system, the essential question is probably not "What percentage of pay roll would be required at some distant time to pay benefits equal to the money amount provided in the Council's recommendations?" Rather it is "What percentage of pay roll will be required to pay benefits representing about the same proportion of future monthly earnings that the benefits recommended by the Council represent of present monthly earnings?" If past trends continue, monthly wage earnings several decades hence will be considerably larger than those of today, and benefits will probably be revised to take these increased wages into account. The long-range estimates presented by the Council, however, disregard the possibility of increases in wage levels and state the costs of the proposed benefits as a percentage of the pay rolls based on continuation of the wage levels of the last few years. If increasing wage levels had been assumed, the costs of these benefits as a percentage of pay rolls would be lower than those presented. Use of the level-wage assumption, therefore, has the effect of allowing for liberalizations of benefits to keep pace with any increases in wages and pay rolls which may occur. If wages continue to rise and such liberalizations are not made, these estimates overstate the cost as a percentage of pay roll and a contribution rate based on them would be too high.

The percentage-of-pay-roll figures are the most important measure of the financial effort required to support the system and are the basis for determining ultimate contribution rates. Dollar figures taken alone are misleading. For example, extending coverage to groups now excluded would greatly increase the dollar costs because more people would become eligible for benefits, but as indicated earlier it will actually decrease the cost as a percentage of pay roll. As a result of coverage extension the income of the insurance system will be increased more than the outgo. In appendix B, however, we have included both the dollar figures and the percentage-of-pay-roll figures.

As indicated in appendix B, the percentage of pay roll required to maintain the relationship between benefits and monthly earnings recommended by the Council would average somewhere between 4.9 percent and 7.3 percent of covered pay roll under a system of nearly universal coverage. The cost in the early years of the system is much lower than it will be when those attaining age 65 have had a working lifetime under the program in which to gain insured status. By that time, the number of persons over age 65 will be much larger than at present and a much larger proportion of the aged population will be eligible for benefits. Our estimates show that the cost of the expanded plan in 1955 will probably be between 2.4 percent and 3.1 percent of pay rolls. In the year 2000 a program which maintains the same relationship between benefits and monthly earnings as the program now being recommended by the Council might cost from 5.9 percent to 9.7 percent of pay rolls. These costs are well within the range of costs expected for the program adopted in 1935 and for the amended program of 1939. Our recommendations therefore do not make necessary any increase in contribution rates over those contemplated from the beginning.

Appendix B also contains an estimate of what the Council's proposals would cost now as a percentage of covered pay rolls under a nearly universal system, had the Council's recommendations been in effect over the last 100 years. These estimates are

included to give a sense of what these recommendations would mean if they were now fully operative. Using the estimate of the actual wages paid over the last 100 years, such a system would cost this year from 2.4 percent to 3.0 percent of pay rolls. If it were assumed that the benefits being paid now under such a system were based on current wage levels rather than past wages, such a system would cost this year from 4.1 percent to 4.9 percent. These figures are lower than the estimates for the future, largely because the number of old people will be much greater in the future than now.

Contribution Rate

The Council believes that, at the time benefits are liberalized, the contribution rate should be raised to 1½ percent for both employees and employers. The present 1-percent rate has remained unchanged for more than 10 years. The longer it remains unchanged, the greater the danger that the public will fail to appreciate that in the long run there must be a close relationship between contributions and benefits. It is also desirable to achieve the increase in contribution rates to the level which will eventually be necessary by gradual and more or less evenly spaced changes. Even at the present level of benefits, contributors pay but a fraction of the actuarial value of the benefits to which they are entitled. If benefits and eligibility requirements are changed as the Council recommends, current contributions will bear an even smaller ratio to the actuarial value of benefits. For these reasons, the Council believes that the contribution rate should be increased when benefits are liberalized.

An incidental effect of the recommendation just outlined is that the trust fund will continue to increase for a number of years. Changes in the size of the trust fund, whether increases or decreases, may present certain problems of fiscal policy, the character of which will depend on prevailing economic conditions. The Council does not believe that the short-range increases in the trust fund which will result from its recommendations will confront the Government with fiscal problems that cannot be readily handled. We favor, however, keeping this excess of income over outgo as low as is consistent with public understanding that in the long run there must be a close relationship between benefits and contributions. We believe that the second step-up in the tax rate, to 2 percent on employer and 2 percent on employee, should not take place until actually needed to cover current disbursements.

Government Participation

The Council believes that old-age and survivors insurance should be planned on the assumption that general taxation will eventually share more or less equally with employer and employee contributions in financing future benefit outlays and administrative costs. Under our recommendations, the full rate of benefits will be paid to those who retire during the first two or three decades of operation even though they pay only a fraction of the cost of their benefits. In a social insurance system, it would be inequitable to ask either employers or employees to finance the entire cost of liabilities arising primarily because the act had not been passed earlier than it was. Hence, it is desirable for the Federal Government, as sponsor of the program, to assume at least part of these accrued liabilities based on the prior service of early retirants. A Government contribution would be a recognition of the interest of the Nation as a whole in the welfare of the aged and of widows and children. Such a contribution is particularly appropriate in view of the relief to the general taxpayer which should result from the substitution of social insurance for part of public assistance.

The Council has suggested that the introduction of the Government contribution be considered when the 2-percent rate for employer and employee plus interest on the trust fund is insufficient to meet current costs. If the Government contribution is delayed beyond the point at which costs begin to exceed 4 percent, the result might well be that the contribution would never be as much as one-third of eventual benefit outlays, because under our low-cost estimates, the annual cost of the benefits never exceeds 6 percent of pay roll even though under the high estimates the cost reaches 9.7 percent.

Purchasing Power of Benefits

For millions of persons the social security system represents a guaranty of future security. If that guaranty is to be valid and meaningful, the purchasing power of benefits must not be destroyed by large increases in price levels. A special obligation rests on the Government and all groups in the community with an interest in the social insurance system and in the security it offers to make sure that monetary policies, price policies, and wage policies contribute to the objective of preventing such a large rise in the price level. If the people of the United States are unable to prevent steep increases in price levels, benefits will have to be readjusted to preserve their purchasing power, for unless the purchasing power of the benefits is preserved, the security guaranteed by the social insurance plan will be illusory.

Importance of a Broad Informational Program

The Council recommends a broad informational program to give publicity to any new amendments passed by the Congress. Under old-age and survivors insurance, contributors have established an equity in the trust fund. The Government as trustee has an obligation to inform the beneficiaries of their rights. The reporting and tax provisions as well as the benefit provisions will affect millions heretofore outside the scope of the law; unless they are fully informed of the duties they must now assume, records will be incomplete and the resulting confusion may tend to defeat the purpose of the extended protection. No social security program can be effective unless those who are entitled to participate know their rights and obligations.

Comparison of Actual Experience With Estimates in the Trustees' Reports

By Robert J. Myers*

Each year the Board of Trustees of the Federal old-age and survivors insurance trust fund is required to submit to Congress a report dealing with the past and prospective operations and status of the trust fund. These reports were first required by the Social Security Act Amendments of 1939, and in accordance with these amendments the first report was submitted in January 1941.[1]

One of the most important features of these reports is the estimates of the expected operation and status of the trust fund during the ensuing 5 fiscal years. The first estimates dealt with the expected experience for the 5 fiscal years 1941–45, and each subsequent report has dealt with a like period, advanced by 1 year. Now that actual data are available for 7 full fiscal years, a comparison of actual experience with the various estimates is of interest in showing the increasing effectiveness and accuracy of the estimates as the program has grown.

The comparisons made here have been confined to benefits and contributions, since these comprise the bulk of total expenditures and income, respectively. Administrative costs and interest earnings play a relatively minor part in the expected operation and status of the trust fund and are therefore omitted from this discussion.

Short-range cost estimates on a calendar-year basis had been developed at the time the 1939 amendments were considered by Congress (S. Rept. 734, 76th Cong., 1st sess., p. 17). The first Trustees' report pointed out that these estimates had been stated to be subject to a range of error because they had been made prior to the development of any actual experience and before the economic effects of the defense program were foreseeable. As a result, the first report went on to state, the 1939 estimates were considerably higher than those of the first report in regard to benefit disbursements and lower in regard to contribution collections.

In the first two Trustees' reports, only a single estimate was presented. The third and fourth reports gave a single estimate for the first 2 years and a range for the next 3 years, except that the fourth gave a range in estimated contributions for all 5 years. In the fifth and sixth reports a single figure is given only for the first year, with a range for the next 4 years, while the seventh and eighth reports followed the same procedure for benefit disbursements but used a range for contributions for all years.

This transition in method of presentation represents a gradual adoption of the viewpoint that a range in future cost estimates is desirable. A single figure may safely be given for the first fiscal year shown in each report, since the estimate is not prepared until that year is almost half completed and there is a sound basis for the estimate. As more and more experience and larger benefit rolls develop, the benefit estimates in future reports may reasonably be expected to be more precise. It will probably always be desirable to have some range, however, which from a relative standpoint should be smaller than in earlier reports, but in absolute terms of dollars may be rather large. It is impossible to predict with complete accuracy the level of benefit disbursements 5 years in the future, especially since the benefits actually paid depend on substantial retirement from covered employment, which in turn depends on economic conditions.

Table 1 shows the actual and estimated benefit disbursements according to the various reports, and table 2 gives similar data on contributions.[2] The figures presented as contribution income have been modified to reflect the continuous freezing of the contribution rate at 2 percent for employers and employees combined, and the subsequent revision in the eventual rates as made in the Social Security Act

Table 1.—*Actual benefit disbursements, fiscal years 1941–47, and estimated benefits according to various Trustees' reports, fiscal years 1941–52*

[In millions]

Report	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952
	Actual data											
Eighth	$64	$110	$149	$185	$240	$321	$426	------	------	------	------	------
	Estimates of Trustees' reports											
First	$78	$165	$274	$402	$548	------	------	------	------	------	------	------
Second	------	113	166	225	290	$360	------	------	------	------	------	------
Third:[1]												
Low	------	------	155	205	260	320	$380	------	------	------	------	------
High	------	------	155	205	295	585	775	------	------	------	------	------
Fourth:												
Low	------	------	------	181	214	255	307	$365	------	------	------	------
High	------	------	------	181	214	268	365	455	------	------	------	------
Fifth:												
Low	------	------	------	------	238	311	386	450	$512	------	------	------
High	------	------	------	------	238	343	479	566	627	------	------	------
Sixth:												
Low	------	------	------	------	------	323	407	480	549	$618	------	------
High	------	------	------	------	------	323	481	569	654	723	------	------
Seventh:												
Low	------	------	------	------	------	------	423	507	590	674	$761	------
High	------	------	------	------	------	------	423	576	683	782	870	------
Eighth:												
Low	------	------	------	------	------	------	------	509	599	681	768	$855
High	------	------	------	------	------	------	------	509	676	786	888	964

[1] The third report used 3 estimates, but only the low and high are shown here.

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[1] The first report was not published, but all subsequent reports have been released as either House or Senate documents.

[2] In the eighth report the contribution estimates include appropriated reimbursements for the veterans' survivor benefits for 1948–52 under section 210 of the 1946 amendments to the Social Security Act; no such appropriations have yet been made although payments certified through the calendar year 1947 totaled $4.6 million. In earlier reports no account was taken of these provisions, either in regard to benefit disbursements or contributions.

Amendments of 1947, which lead to a combined rate of 3 percent in the calendar years 1950–51 and 4 percent thereafter.

The modification of the contribution figures was accomplished solely from the data in the various reports. The figure shown in the report for a particular year was multiplied by the ratio of the actual contribution rate (or in the case of the future years, by the scheduled rate in the Social Security Act Amendments of 1947) to the rate used in that report. When the contribution rate increased in the particular year, the average rate in effect in the year, taking into account the 3-month lag in collections, was used.[3] This method is only approximate since it assumes an even distribution throughout the year in regard to both total covered pay roll and contribution income. Actually, even if the payroll base were level over the course of a year, the contribution income would vary by calendar quarters because of the $3,000 maximum on taxable wages.[4]

In recent years, when the effect of the trend in total covered pay roll is eliminated, it is found that about 27½ percent of the contribution income is *received with respect to* the first calendar quarter (i. e., is *received in* the second quarter), with the corresponding figures for the 3 succeeding quarters being 26½, 25, and 21 percent, respectively; the quarterly distribution in 1942 and earlier was much more uniform than this, being about 26½, 25½, 25, and 23 percent, respectively. If the factor of uneven quarterly distribution of contribution income had been taken into account, the modified contribution figures for those years for which an increase in the rate was scheduled would have been slightly higher than those shown, at most by 2 or 3 percent relatively.[5] This small differential, of course, has no appreciable effect on the following analysis.

A comparison of the actual experience with that estimated for each of the fiscal years 1941–47 is made in table 3. Except for the first report, the benefit estimates made for the first year in each report (reading down the diagonal) were very close to the actual experience. The ratio of estimates to actual figures ranged only from 98 percent to 104 percent for the years 1942 to 1947. The benefit estimates in the first report were increasingly in excess of the actual experience, being more than double the benefits paid in 1944 and 1945. For one thing, in these first estimates it was not anticipated that retirements would be so materially deferred as they actually were as the result of the favorable wartime employment conditions.

The benefit estimates in the second report were also somewhat in excess of actual experience, but only by about 10–20 percent. In the third report, in which a range was first introduced, the low estimate was close to actual experience for 1945 and 1946 but more than 10 percent below for 1947. However, the high estimate was consistently too high, being more than 80 percent above the actual experience for 1946 and 1947.

In the fourth report, apparently because of the considerable overestimates for 1941–44 in the preceding reports, the benefit estimates were significantly lower than the actual experience for 1945–47, and generally lower for each succeeding year; in

[3] For example, in the second report the contribution schedule used in the estimates provided for a combined employer-employee rate of 2 percent for calendar years 1940–42 and 4 percent for calendar years 1943–45. For the fiscal year 1943 (July 1, 1942, to June 30, 1943) the contribution income was based on wages for the period April 1, 1942, to March 31, 1943 (because of the 3-month lag in collections), so that the average rate used was 2½ percent (9 months at 2 percent and 3 months at 4 percent). The actual rate was 2 percent, so that the modification factor was 0.80 (2 percent divided by 2½ percent), which when applied to the figure of $1,394 million published in the report yields the $1,115 shown in table 2.

[4] Individuals with wages in excess of $3,000 are taxed on the first $3,000 of wages, and all wages thereafter from the same employer during the calendar year are exempt. For instance, the taxes in respect to a $12,000 individual would all be paid in the second quarter of the year on his wages in the first quarter.

[5] For example, applying the recent, and most uneven, quarterly distribution to the data from the second report for fiscal year 1943 (as previously discussed in footnote 3), 27½ percent of the pay roll from which contributions are received during the year would have the 4-percent rate applicable, and correspondingly the 2-percent rate would pertain to the remaining 72½ percent. The average rate would thus be 2.55 percent, or 2 percent greater relatively than the average rate of 2½ percent based on equal quarterly distribution.

Table 2.—*Actual contributions, fiscal years 1941–47, and estimated contributions according to various Trustees' reports adjusted to correspond to actual or scheduled future contribution rates,[1] fiscal years 1941–52*

[In millions]

Report	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952
	Actual data											
Eighth	$688	$896	$1,130	$1,292	$1,310	$1,238	$1,459	------	------	------	------	------
	Estimates of Trustees' reports											
First	$667	$725	$725	$725	$725	------	------	------	------	------	------	------
Second	------	900	1,115	1,100	1,100	$1,100	------	------	------	------	------	------
Third:[2]												
Low	------	------	1,105	1,245	1,310	908	$940	------	------	------	------	------
High	------	------	1,105	1,245	1,355	1,424	1,480	------	------	------	------	------
Fourth:												
Low	------	------	------	1,268	1,299	1,196	910	$832	------	------	------	------
High	------	------	------	1,306	1,352	1,365	1,288	1,056	------	------	------	------
Fifth:												
Low	------	------	------	------	1,305	953	814	712	$746	------	------	------
High	------	------	------	------	1,305	1,110	956	948	1,182	------	------	------
Sixth:												
Low	------	------	------	------	------	1,128	1,025	1,094	1,123	$1,289	------	------
High	------	------	------	------	------	1,128	1,136	1,230	1,320	1,548	------	------
Seventh:												
Low	------	------	------	------	------	------	1,403	1,407	1,299	1,502	$2,024	------
High	------	------	------	------	------	------	1,409	1,450	1,459	1,683	2,279	------
Eighth:[3]												
Low	------	------	------	------	------	------	------	1,548	1,477	1,784	2,479	$2,730
High	------	------	------	------	------	------	------	1,631	1,676	1,966	2,687	2,976

[1] The actual combined employer and employee rate has been 2 percent in calendar years 1937–48; under the Social Security Act Amendments of 1947 it is scheduled at 2 percent in 1949, 3 percent in 1950–51, and 4 percent thereafter.

[2] The third report used 3 estimates, but only the low and high are shown here.

[3] See text footnote 2.

fact, for 1947 the estimates were 14–28 percent lower. In the fifth, sixth, and seventh reports, the benefit estimates have reasonably closely approximated or "bracketed" the actual data.

For the contribution estimates, the first report showed a successively decreasing ratio of estimated to actual amounts, the ratios for 1944 and 1945 being only about 55 percent. This divergence, of course, was a result of the unforeseen and unforeseeable sharp rise in pay rolls due to the war. Thus, specifically, the taxable pay roll for the calendar year 1947 was $78 billion, or more than 2½ times the 1939 figure of $30 billion.

The contributions estimated in the second report came considerably closer to the actual amounts, although they were some 10–15 percent lower for 1944, 1945, and 1946. By the time these estimates were made, there was some better indication of the immediate rise in pay rolls that was likely to occur because of the demands of the war.

The third report, issued at the beginning of the calendar year 1943, showed a very close agreement between actual and estimated contribution income for 1943 to 1945. For 1946 and 1947 the actual data were much closer to the high estimate than the low one. The range selected had been made quite wide because of the uncertainties of the economic and military situation. As may readily be realized, the high estimate proved to be the more accurate because of the full-employment conditions that prevailed after the war, as well as the generally increasing wage rates.

The actual data in the fourth report agreed very closely with the estimates for the first 3 years. For 1947, however, the estimates, which had a narrow range, were both significantly lower because the continued rise in pay rolls in the postwar period had not been foreseen; rather, a drop had been expected.

The 1947 estimates of the fifth and sixth reports were also considerably lower than the actual experience. In fact, even the estimate made in the middle of the fiscal year 1947, namely, that of the seventh report, was somewhat farther below the actual data than the first-year estimates have usually been.

Another matter of interest is the range shown in the estimates for future years. Considering first the benefit disbursements in table 1, and looking only at the most distant year estimated in each report, it may be seen that the relative variation from low to high estimate was more than 100 percent in the third report, decreased to about 25 percent for the fourth report and 22 percent for the fifth report, and was only about 13 percent for the eighth and last report. In fact, it is noteworthy that, for the fourth and subsequent reports, the difference between the low and high cost estimates for the most distant year considered has in all cases been only about $100 million. As a substantial backlog of beneficiaries has been built up, estimates can undoubtedly be made with greater and greater accuracy, so that these decreasing differentials are completely justified.

Next, turning to the range in estimated contribution income in table 2, we again find that the third report had a considerable range—57 percent, measuring from the low to the high estimate. In the fourth report the corresponding figure was 27 percent, while the fifth report had the greatest range—more than 58 percent. However, in the sixth report the relative range decreased to 20 percent, while in the seventh report it was only 13 percent and in the eighth report only about 9 percent. These relatively small variations in an element that in the past had varied by more than 100 percent and in the future is apt to fluctuate greatly with economic conditions arise from the fact that the economic assumptions for the end of the period were about the same for both low and high estimates.

On the whole, the analysis indicates that the estimates in the various Trustees' reports have been reasonably accurate, considering the drastic economic changes that have occurred during the past 7 years as well as the effect of the war. The need for a substantial range in the estimates, particularly in the latter years of each 5-year period, seems to be clearly indicated. It is noteworthy that the contributions were estimated somewhat more closely than the benefit payments in the first few years of operation, but that in the last 2 or 3 years this situation has been reversed. Such a situation might be expected because, as the benefit roll is built up, it does not change sharply from year to year since it is cumulative—that is, most beneficiaries stay on the rolls and their benefit rate remains the same. The pay roll on

(*Continued on page 52*)

Table 3.—*Estimates in Trustees' reports as percent of actual amounts, by fiscal year, 1941–47* [1]

Report	1941	1942	1943	1944	1945	1946	1947
	Benefit payments						
First	122	150	184	217	228	-------	-------
Second	-------	103	111	122	121	112	-------
Third	-------	-------	104	111	108–123	100–182	89–182
Fourth	-------	-------	-------	98	89	79–83	72–86
Fifth	-------	-------	-------	-------	99	97–107	91–112
Sixth	-------	-------	-------	-------	-------	101	96–113
Seventh	-------	-------	-------	-------	-------	-------	99
	Contributions [1]						
First	97	81	64	56	55	-------	-------
Second	-------	100	99	85	84	89	-------
Third	-------	-------	98	96	100–103	73–115	64–101
Fourth	-------	-------	-------	98–101	99–103	97–110	62–88
Fifth	-------	-------	-------	-------	100	77–90	56–65
Sixth	-------	-------	-------	-------	-------	91	70–78
Seventh	-------	-------	-------	-------	-------	-------	96–97

[1] Estimates in the Trustees' reports adjusted to reflect the freezing of the contribution rate at a combined employee-employer rate of 2 percent instead of following the increases scheduled in the Social Security Act Amendments of 1939 and subsequent amendments thereto.

NOTE: When only 1 figure is shown there was a single estimate. When 2 figures are shown, there were 2 or more estimates and the range shown is based on the lowest and highest.

Employment Security

Unemployment Claims and Benefits

State Programs

New unemployment covered by the State unemployment systems declined in March for the second successive month, as initial claims dropped from 899,500 to 885,300. This decline is particularly significant, since March had more claimant-reporting days than February. Continuing unemployment, much of which started with lay-offs in January and February, showed signs of tapering off, and the average weekly number of continued claims moved downward from 1,079,300 in February to 1,075,500 in March. The total volume for the month, however, rose from 4,242,500 to 4,862,600, largely because of the longer workmonth. The end of the shortage of gas for industrial use and the improvement in seasonal unemployment contributed to the decline both in initial claims and in the average weekly number of continued claims. On the other hand, bad weather in certain areas kept the continued claims load for March comparable to that for February.

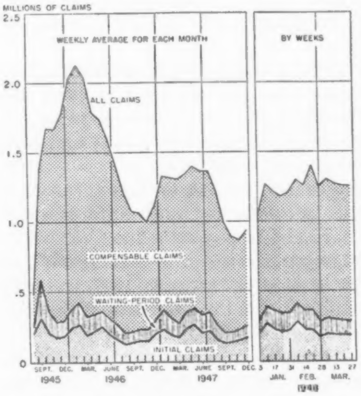
The $76.6 million paid in benefits during March was $15.8 million more than the February total and $5.0 million above the amount paid in March 1947. The weekly number of persons who received benefit checks during March averaged 924,300, as compared with 849,100 in February. The March totals included a number of claims postponed from Washington's Birthday in February, which were only partly offset by the claims postponed to April from Good Friday. Friday is a light reporting day in comparison with Monday, the day on which Washington's Birthday was celebrated. Moreover, there were five reporting Mondays in March and only three in February.

Other factors underlying the volume of claims in the individual States during March were both seasonal and nonseasonal. One of the outstanding seasonal factors preventing a greater decline in the continued claims load was the continued cold and wet weather as well as the spring thaws in many States during most of the month. These conditions hampered logging and lumbering operations in California, Florida, Maine, Oregon, and South Carolina. On the other hand, six States—Arkansas, Colorado, Kentucky, Mississippi, Ohio, and Pennsylvania — attributed part of their declines in initial claims to improved weather conditions, which stepped up activity in all outside work, particularly construction.

New and continued unemployment in the tobacco industry was reported by North Carolina and Virginia. Four New England States—Connecticut, New Hampshire, Rhode Island, and Vermont—reported lay-offs in machinery and tool plants. The shortage of coal resulting from the recent coal dispute caused unemployment in California, Kentucky, Pennsylvania, Virlina, and Washington. Lay-offs in the Hampshire, and Missouri reported a reduction in employment in the shoe and leather industries. Labor disputes contributed to the claims loads in California, Minnesota, North Carolina, and Washington. Lay-offs in the fruit and food-processing industries contributed to the claims loads in California, Florida, Georgia, Hawaii, and Texas.

The more plentiful supply of gas for industrial use, after the shortage in February, allowed many claimants to go back to work, particularly in Indiana, Michigan, Ohio, and Pennsylvania.

Chart 1.—*Number of claimants for unemployment benefits, August 1945–March 27, 1948*



All but 12 States reported declines in initial claims. Outstanding was the drop of 49,800 in Michigan, reflecting renewed activity in the automobile industry after the February lay-offs caused by the gas shortages. Indiana's decline occurred despite the claims received as a result of the labor dispute in the meat-packing industry and a temporary lay-off in a large trucking firm.

Among the 12 States that reported increases in initial claims were New York, with a rise of 58,400, and Illinois, with 11,900. New York attributed the rise to further lay-offs in the needle trades in New York City. All the New England States but Connecticut and Vermont reported in-

Table 1.—*Summary of unemployment insurance operations, March 1948*

Item	Number or amount	Percentage change from— February 1948	Percentage change from— March 1947
Initial claims	885,316	−1.6	+19.8
New	491,249	−11.3	+8.8
Additional	394,067	+13.9	+37.2
Continued claims	4,862,586	+14.6	+3.8
Waiting-period [1]	468,218	−10.7	+13.2
Compensable	4,394,368	+18.2	+2.9
Weeks compensated	4,242,413	+25.4	+3.9
Total unemployment	4,031,898	+25.8	+3.3
Other than total unemployment [2]	210,515	−72.3	+17.3
First payments	356,252	+1.9	+10.7
Exhaustions	108,007	−2.3	−7.1
Weekly average beneficiaries	924,279	+8.9	−5.2
Benefits paid [3]	$76,573,410	+26.1	+7.0
Benefits paid since first payable [4]	$4,686,273,832		
Funds available as of March 31	$7,340,438,177	−.4	+6.3

[1] Excludes Maryland, which has no provision for filing waiting-period claims.

[2] Excludes Montana, which has no provision for payment of other than total unemployment.

[3] Gross: not adjusted for voided benefit checks.

[4] Net: adjusted for voided benefit checks.

creases in initial claims. In Massachusetts the rise of 8,900 was chiefly due to the longer workmonth and seasonal lay-offs in the shoe industry.

The beginning of new benefit years was a factor in the initial claims load in the nine States where the new years begin the first part of April. Many of these States permit claimants to file transitional initial claims for the new year during the last week in March, but these claims do not represent new unemployment. Claims of this type were mainly responsible for the increase of 2,200 in New Hampshire and 5,500 in Rhode Island and also contributed to the heavier claims load in Illinois.

All but four States—Indiana, Maryland, Utah, and West Virginia—reported heavier continued claims loads.

Table 2.—*Initial claims received in local offices, by State, March 1948*

[Data reported by State agencies; corrected to Apr. 16, 1948]

Region and State	Total				New	
	All claimants	Amount of change from—		Women claimants	All claimants	Women claimants
		February 1948	March 1947			
Total	885, 316	−14, 165	+146, 435	345, 566	491, 249	181, 527
Region I:						
Connecticut	9, 181	−158	+217	4, 341	5, 553	2, 399
Maine	8, 057	+3, 906	+3, 769	2, 862	5, 052	1, 503
Massachusetts	37, 238	+8, 867	+7, 470	16, 607	16, 492	6, 658
New Hampshire	5, 405	+2, 150	+2, 807	2, 524	3, 622	1, 646
Rhode Island	11, 130	+5, 453	+3, 611	5, 086	7, 855	3, 593
Vermont	1, 146	−138	−117	396	739	245
Region II–III:						
Delaware	1, 049	−398	−156	357	860	301
New Jersey	42, 564	+5, 656	+7, 780	18, 709	25, 753	10, 768
New York	219, 638	+58, 386	+43, 571	100, 465	61, 032	24, 771
Pennsylvania	61, 523	−8, 530	−9, 022	22, 719	41, 646	15, 313
Region IV:						
Dist. of Col	1, 651	−934	−202	741	1, 585	719
Maryland	8, 728	−3, 016	−11, 040	2, 552	4, 845	1, 270
North Carolina	11, 341	−1, 438	+657	7, 287	7, 828	4, 943
Virginia	6, 057	−4, 514	+756	2, 493	4, 731	1, 791
West Virginia	5, 748	−6, 246	−1, 897	1, 049	4, 829	880
Region V:						
Kentucky	6, 720	−2, 888	+636	2, 524	4, 870	1, 659
Michigan	53, 023	−49, 774	+18, 240	11, 268	38, 931	7, 535
Ohio	22, 406	−5, 072	+4, 324	9, 302	16, 838	6, 920
Region VI:						
Illinois	49, 217	+11, 932	+17, 473	20, 779	31, 561	13, 497
Indiana	20, 635	−3, 341	+6, 796	8, 082	10, 834	4, 233
Wisconsin	9, 620	−862	+4, 876	4, 717	[1] 6, 320	[1] 2, 890
Region VII:						
Alabama	7, 933	−1, 101	+1, 275	2, 244	6, 254	1, 781
Florida	9, 457	+493	+2, 094	3, 123	7, 300	2, 331
Georgia	8, 242	+809	−120	4, 163	6, 106	3, 137
Mississippi	3, 662	−1, 750	+836	896	2, 894	709
South Carolina	5, 427	−1, 076	+1, 836	1, 747	3, 802	1, 204
Tennessee	9, 584	−1, 123	−143	3, 965	7, 638	3, 066
Region VIII:						
Iowa	3, 538	−533	+560	1, 400	2, 844	1, 175
Minnesota	6, 648	−1, 594	+1, 867	2, 159	4, 883	1, 505
Nebraska	1, 781	−312	+216	641	1, 378	552
North Dakota	458	−190	+120	111	370	90
South Dakota	342	−321	+90	112	271	96
Region IX:						
Arkansas	6, 415	−3, 915	+2, 044	1, 360	4, 946	1, 062
Kansas	4, 547	−815	+402	1, 512	3, 409	1, 188
Missouri	19, 890	+706	−1, 758	7, 466	12, 630	4, 874
Oklahoma	5, 387	−1, 449	−447	1, 646	4, 316	1, 376
Region X:						
Louisiana	8, 694	−3, 122	+101	2, 103	6, 966	1, 768
New Mexico	1, 075	−180	+148	253	843	202
Texas	11, 734	−2, 224	−1, 484	4, 421	[2] 10, 115	[2] 3, 811
Region XI:						
Colorado	2, 508	−829	+484	892	1, 736	634
Idaho	1, 547	−420	+206	526	1, 038	313
Montana	1, 623	−345	+253	374	1, 185	300
Utah	2, 227	−144	+647	670	1, 449	473
Wyoming	476	−247	−94	169	369	135
Region XII:						
Arizona	3, 198	+350	+432	924	2, 623	809
California	137, 381	−1, 264	+29, 656	50, 004	78, 327	30, 555
Nevada	1, 177	−82	+135	364	872	315
Oregon	9, 577	−487	+1, 670	2, 503	5, 219	1, 567
Washington	17, 125	−2, 313	+3, 837	4, 490	8, 467	2, 574
Regions XIII and XIV:						
Alaska	544	−29	+394	110	400	80
Hawaii	1, 042	+301	+629	358	823	311

[1] Since Wisconsin has no provision for a benefit year, a new claim is a claim requiring a determination of benefit amount and duration, as well as eligibility for benefits, on a per employer basis.

[2] Data estimated by State agency.

Table 3.—*Continued claims*[1] *received in local offices, by State March 1948*

[Data reported by State agencies; corrected to Apr. 16, 1948]

Region and State	Total [2]				Compensable	
	All claimants	Amount of change from—		Women claimants	All claimants	Women claimants
		February 1948	March 1947			
Total	4, 862, 586	+620, 089	+178, 899	1, 843, 666	4, 394, 368	1, 656, 296
Region I:						
Connecticut	36, 344	+4, 009	−12, 873	13, 819	31, 672	11, 891
Maine	36, 989	+4, 681	+1, 407	12, 399	35, 192	11, 947
Massachusetts	236, 376	+33, 476	+13, 007	83, 344	222, 198	77, 755
New Hampshire	25, 142	+7, 779	+9, 191	10, 412	22, 804	9, 361
Rhode Island	44, 415	+5, 379	+8, 123	14, 208	41, 120	12, 824
Vermont	9, 744	+1, 733	+3, 492	3, 378	9, 233	3, 225
Region II–III:						
Delaware	8, 815	+518	−2, 370	2, 140	8, 354	2, 002
New Jersey	292, 194	+49, 501	+18, 181	111, 991	273, 955	104, 193
New York	850, 702	+125, 257	+29, 971	360, 538	726, 934	305, 229
Pennsylvania	340, 792	+25, 957	−81, 162	103, 891	308, 846	92, 329
Region IV:						
Dist. of Col	22, 125	+5, 287	+684	8, 315	21, 090	7, 885
Maryland	58, 218	−266	+3, 816	18, 309	58, 218	18, 309
North Carolina	64, 169	+9, 102	+7, 947	40, 066	56, 962	35, 309
Virginia	42, 003	+4, 670	+6, 529	14, 014	38, 742	12, 908
West Virginia	45, 908	−11, 302	−19, 728	8, 886	44, 213	8, 442
Region V:						
Kentucky	51, 940	+8, 948	+8, 566	16, 572	48, 351	15, 360
Michigan	244, 615	+4, 850	+70, 902	69, 390	215, 221	61, 906
Ohio	165, 464	+4, 949	+21, 555	64, 826	132, 894	51, 086
Region VI:						
Illinois	294, 061	+45, 930	+16, 902	135, 593	278, 168	128, 323
Indiana	81, 153	−3, 637	+23, 712	31, 849	73, 450	28, 614
Wisconsin	44, 104	+4, 874	+14, 918	17, 908	37, 526	14, 924
Region VII:						
Alabama	57, 239	+11, 832	+5, 068	17, 482	52, 776	16, 150
Florida	54, 477	+8, 528	−945	18, 916	50, 724	17, 771
Georgia	48, 477	+10, 971	−6, 980	24, 440	38, 285	18, 931
Mississippi	30, 222	+2, 204	+7, 293	7, 422	26, 003	6, 457
South Carolina	18, 769	+1, 707	+2, 485	6, 326	16, 019	5, 497
Tennessee	96, 768	+14, 988	+5, 368	35, 215	91, 137	32, 920
Region VIII:						
Iowa	30, 841	+4, 416	+3, 747	12, 653	28, 431	11, 595
Minnesota	33, 106	+1, 023	+3, 678	9, 064	29, 020	7, 674
Nebraska	11, 671	+1, 707	−1, 141	3, 664	9, 748	2, 861
North Dakota	5, 707	+1, 175	+316	1, 434	5, 428	1, 362
South Dakota	4, 753	+243	+1, 062	1, 689	4, 460	1, 584
Region IX:						
Arkansas	51, 750	+7, 157	+13, 809	9, 660	47, 799	8, 966
Kansas	35, 053	+2, 805	−369	11, 146	33, 056	10, 499
Missouri	125, 650	+15, 953	−23, 358	42, 583	116, 240	38, 801
Oklahoma	30, 712	+3, 830	−7, 043	9, 337	27, 552	8, 320
Region X:						
Louisiana	47, 529	+3, 726	+6, 595	11, 881	41, 763	10, 350
New Mexico	8, 179	+1, 346	+1, 876	1, 999	7, 666	1, 878
Texas	43, 882	+6, 329	−9, 247	15, 201	35, 912	12, 206
Region XI:						
Colorado	15, 558	+2, 798	+3, 792	5, 036	12, 529	3, 956
Idaho	17, 878	+1, 595	+3, 236	5, 234	16, 851	4, 923
Montana	18, 761	+2, 822	+3, 061	5, 240	17, 053	4, 748
Utah	18, 138	−132	+3, 398	5, 870	17, 112	5, 509
Wyoming	4, 134	+250	+503	1, 253	3, 620	1, 080
Region XII:						
Arizona	15, 705	+2, 274	+1, 122	5, 810	14, 808	5, 572
California	807, 137	+166, 962	+35, 084	358, 115	741, 368	331, 170
Nevada	8, 741	+1, 022	+2, 196	3, 341	8, 297	3, 198
Oregon	67, 654	+1, 054	−6, 489	22, 404	63, 833	21, 277
Washington	147, 708	+7, 274	−18, 823	45, 147	141, 551	43, 284
Regions XIII and XIV:						
Alaska	5, 003	+306	+2, 826	1, 435	4, 734	1, 362
Hawaii	6, 111	+2, 229	+4, 009	2, 821	5, 450	2, 573

[1] In some States 1 claim covers more than 1 week.

[2] Includes waiting-period claims except in Maryland, which has no provision for filing such claims.

Postponement of claims from Washington's Birthday and the greater number of reporting days in March were factors in all the States. California's rise of 167,000, the largest in the country, was caused by several factors. Rains and snow delayed lumbering operations in the mountain areas; employment in agriculture and food-processing was abnormally low; there were shortages of steel, attributed to the coal strike, and of power in the San Francisco area; and there were trade disputes in the southern meat-packing and garment industries.

Table 4.—*Number of individuals* [1] *compensated during weeks ended in March 1948 and number of weeks compensated and amount of benefits paid in March 1948, by State*

[Data reported by State agencies; corrected to Apr. 20, 1948]

Region and State	All types of unemployment								Total unemployment		
	Individuals compensated during weeks ended—				Weeks compensated			Benefits paid [2]	Weeks compensated	Benefits paid [2]	Average weekly payment
	March 6	March 13	March 20	March 27	Number	Amount of change from— February 1948	Amount of change from— March 1947				
Total	977,212	934,899	938,193	846,813	4,242,413	+859,112	+158,260	$76,573,410	4,031,898	$73,737,820	$18.29
Region I:											
Connecticut	15,475	11,019	16,518	11,545	60,691	+21,575	+13,572	1,210,487	58,635	1,185,251	20.21
Maine	7,554	6,748	7,013	7,400	31,560	+2,146	+529	442,260	28,873	414,433	14.35
Massachusetts	44,655	45,057	42,434	40,683	193,127	+16,767	+12,550	4,186,253	177,634	4,032,200	22.70
New Hampshire	4,735	4,082	4,202	4,740	20,201	+7,259	+8,325	302,217	18,103	285,177	15.75
Rhode Island	9,416	8,611	8,518	8,622	40,414	+5,105	+10,787	848,562	38,843	830,819	21.39
Vermont	1,822	1,998	1,880	1,830	8,417	+1,792	+4,302	139,651	8,046	136,347	16.95
Region II–III:											
Delaware	2,037	1,929	1,858	1,502	8,497	+1,141	−1,102	129,346	8,045	124,952	15.53
New Jersey	58,985	62,436	64,233	51,370	265,818	+58,685	+4,268	5,111,704	253,558	4,977,428	19.63
New York	161,437	172,682	161,355	132,830	749,459	+143,478	+38,936	14,359,446	711,986	13,641,474	19.16
Pennsylvania	78,598	72,285	62,838	49,467	305,734	+81,509	−51,224	5,277,690	298,660	5,200,345	17.41
Region IV:											
District of Columbia	4,452	4,668	5,197	3,933	21,985	+5,706	+5,436	374,661	21,763	370,592	17.03
Maryland	12,620	13,001	11,726	9,333	54,699	+396	−4,205	952,241	49,900	903,906	18.11
North Carolina	11,815	11,915	10,835	11,315	49,938	+12,431	+12,038	531,422	47,756	515,382	10.79
Virginia	10,373	9,008	7,348	7,387	38,122	+9,352	+6,684	471,262	36,057	454,209	12.60
West Virginia	18,780	9,804	8,990	7,157	49,152	+9,027	−2,609	762,006	33,437	539,325	16.13
Region V:											
Kentucky	10,335	8,546	10,009	7,763	38,988	+10,016	+6,236	425,337	37,607	416,770	11.08
Michigan	40,124	42,626	46,304	44,724	203,745	−14,096	+45,937	4,105,983	198,816	4,054,564	20.39
Ohio	28,710	29,225	27,825	27,073	128,068	+29,100	+15,466	2,245,701	123,851	2,202,699	17.79
Region VI:											
Illinois	52,493	46,060	53,146	39,546	227,060	+35,878	−6,628	4,047,311	209,664	3,855,494	18.39
Indiana	19,765	17,822	14,435	14,895	69,909	+17,057	+27,975	1,170,529	65,575	1,144,218	17.45
Wisconsin	7,944	7,732	7,470	7,031	34,246	+5,726	+11,886	602,588	30,681	557,587	18.17
Region VII:											
Alabama	12,444	10,600	10,589	10,055	49,495	+12,869	+5,002	719,003	47,665	701,294	14.71
Florida	6,631	6,288	7,614	7,108	31,248	+7,328	−3,904	429,721	29,814	417,251	14.00
Georgia	6,933	7,552	7,201	7,709	33,973	+7,765	−7,466	454,487	32,988	444,130	13.46
Mississippi	4,997	5,536	5,066	5,172	22,868	+6,333	+5,730	283,334	21,368	270,101	12.64
South Carolina	5,048	4,662	5,055	4,702	21,576	+4,466	+5,227	306,686	20,439	297,050	14.53
Tennessee	20,988	19,953	17,881	14,771	83,286	+24,159	+9,525	1,109,337	80,504	1,083,909	13.46
Region VIII:											
Iowa	5,311	5,897	6,145	5,455	26,153	+5,557	+4,155	405,909	24,376	387,518	15.90
Minnesota	11,693	12,449	12,355	10,409	53,876	+12,533	+12,173	804,347	51,510	779,091	15.13
Nebraska	2,611	2,656	2,617	2,530	12,020	+3,142	−1,810	182,873	11,102	172,404	15.53
North Dakota	1,267	1,182	1,118	578	5,032	+1,817	+1,450	88,659	4,532	81,848	18.06
South Dakota	1,001	858	1,294	750	4,543	+1,493	+1,947	73,656	4,301	70,705	16.44
Region IX:											
Arkansas	9,692	10,314	10,036	9,045	44,123	+15,071	+19,167	655,763	42,061	638,830	15.19
Kansas	6,776	7,229	6,827	6,908	30,266	+5,482	−1,226	455,266	28,567	438,030	15.33
Missouri	22,983	14,386	19,514	17,687	86,402	+11,359	−16,960	1,384,852	83,624	1,364,258	16.31
Oklahoma	8,844	8,753	9,091	9,047	37,752	+6,165	−3,277	607,493	36,175	591,299	16.35
Region X:											
Louisiana	13,259	11,183	11,138	8,813	51,196	+17,301	+6,247	713,304	48,964	693,301	14.16
New Mexico	1,278	1,189	1,307	1,509	5,941	+1,647	+2,102	96,292	5,777	94,352	16.33
Texas	8,684	10,540	10,940	9,466	45,816	+11,770	−15,104	613,254	42,442	585,052	13.78
Region XI:											
Colorado	2,347	2,248	2,195	2,373	10,298	+3,038	+2,587	158,756	10,014	155,590	15.54
Idaho	3,232	4,113	3,036	3,220	15,376	+3,138	+4,975	281,881	14,951	276,744	18.51
Montana	3,987	3,663	3,752	3,380	16,660	+4,970	+5,575	267,148	16,660	287,148	17.24
Utah	3,803	3,983	3,534	3,070	15,422	+851	+1,287	347,073	14,463	332,157	22.97
Wyoming	998	961	771	828	4,049	+1,330	+904	75,017	3,852	72,269	18.76
Region XII:											
Arizona	1,702	1,739	1,815	1,551	8,167	+1,793	+1,407	150,092	7,883	146,317	18.56
California	156,705	142,052	156,300	166,363	715,040	+205,990	+9,887	14,406,618	687,176	13,824,936	20.12
Nevada	2,085	1,588	1,393	1,684	7,944	+1,977	+2,427	157,749	7,636	153,393	20.09
Oregon	13,984	12,716	11,750	11,229	58,742	+3,784	−6,840	978,153	56,276	951,957	16.92
Washington	33,476	29,489	30,864	28,707	133,040	+13,812	−52,566	2,409,841	128,277	2,338,064	18.23
Regions XIII and XIV:											
Alaska	1,426	2,135	1,906	1,640	7,783	+723	+4,426	178,238	7,374	172,053	23.33
Hawaii	902	1,731	955	908	4,496	+1,399	+2,054	81,951	3,637	73,597	20.24

[1] The number of individuals is assumed to be identical with the number of weeks compensated, which may result in a slight overstatement of the number of individuals.

[2] Gross: not adjusted for voided benefit checks and transfers under interstate combined-wage plan.

In New York the increase of 125,300 was attributed to the continued unemployment in the needle trades and the longer workmonth. The greater number of reporting days also accounted for an important part of the increases of 49,500 in New Jersey, 45,900 in Illinois, 33,500 in Massachusetts, 26,000 in Pennsylvania, and 11,800 in Alabama.

The ratio of State insured unemployment to average monthly covered employment remained about the same as in February. For every 100 persons covered by State unemployment insurance laws, about 3.6 claimants were unemployed during the week ended March 13, 1948. In February this ratio was 3.7 percent. Nine States—eight of them west of the Mississippi River—had ratios of 5 percent or more. California and Washington, with 7.4 and 6.5 percent, respectively, continued for the fourth successive month to have the highest ratios in the Nation. Twenty of the States showed higher ratios than for February, though none had increases of a full percentage point. On the other hand, in four States—Michigan, Oregon, Utah, and Washington—the ratios dropped a full point. Colorado, Ohio, Texas, Virginia, Wisconsin, and Wyoming had ratios of 2 percent or less.

Every State but Michigan paid out more in benefits in March than it had in February. While the Michigan disbursements dropped by $161,500 to $4,106,000, they were higher than for any other month since September 1946. The national total of $76.6 million for March was $15.8 million above that for February and exceeded the amount paid in any other month since August 1946. In 18 States, disbursements rose more than a third from the February levels, and California's $14.4 million was nearly half again as much as had been expended in February.

The number of beneficiaries jumped from 835,800 to 977,200 during the week ended March 6, largely because of the rescheduling of claimants from Washington's Birthday in the preceding week. The number remained above the 900,000 mark each week until it dropped to 846,800 in the week ended March 27—a short reporting

Table 5.—*State unemployment insurance funds available as of March 31, 1948, contributions and interest, benefits paid, and ratio of benefits to contributions, January–March 1948, by State* [1]

[Corrected to Apr. 23, 1948]

Region and State	Funds available for benefits [2] (in thousands)		Income, January–March 1948 [3]			Benefits paid, January–March 1948 [5]	Benefits as percent of contributions [6]	
	As of Mar. 31, 1948	Amount of change from Dec. 31, 1947	Contributions and interest [4]	Contributions	Interest		January–March 1948	Cumulative since beginning of program
Total	[7]$7,340,438	+$37,155	$231,258,400	$193,961,931	$37,296,469	$195,031,273	99.9	41.9
Region I:								
Conn.	194,342	−1,010	1,804,663	811,617	993,046	2,812,028	345.7	31.1
Maine	41,538	+471	1,688,838	1,478,228	210,610	1,232,200	82.2	42.2
Mass.	177,913	−2,722	9,006,294	8,091,160	915,134	11,807,694	145.0	61.2
N. H.	27,399	+236	932,803	795,509	137,294	698,042	87.6	35.4
R. I.	[7] 66,153	−216	2,120,336	1,784,172	336,164	2,350,820	130.9	51.6
Vt.	15,753	+247	589,036	509,612	79,424	343,119	67.1	29.0
Region II–III:								
Del.	14,394	+22	336,349	263,640	72,709	315,872	119.4	35.3
N. J.	484,333	+7,909	21,230,988	18,771,468	2,459,520	13,353,282	71.0	37.5
N. Y.	1,047,068	−20,006	18,091,500	12,717,122	5,374,378	38,524,524	29.6	48.8
Pa.	612,833	+2,133	15,446,171	12,338,679	3,107,492	13,244,703	107.1	43.0
Region IV:								
D. C.	45,099	−181	709,641	480,437	229,204	891,594	185.3	28.3
Md.	123,281	+1,193	3,788,792	3,167,494	621,298	2,675,156	81.7	41.9
N. C.	139,666	+3,871	5,229,210	4,524,815	704,395	1,361,317	30.0	23.1
Va.	81,562	+2,184	3,267,015	2,856,447	410,568	1,089,831	37.7	32.3
W. Va.	80,025	+1,381	3,121,663	2,716,939	404,724	1,748,035	64.3	39.9
Region V:								
Ky.	106,914	+1,986	3,036,085	2,499,362	536,723	1,049,905	42.0	24.4
Mich.	249,038	+5,068	15,460,088	14,196,244	1,263,844	10,395,150	73.2	63.1
Ohio	533,006	+4,890	10,477,447	7,769,270	2,708,177	5,590,313	71.9	27.3
Region VI:								
Ill.	497,750	+2,171	13,387,212	10,858,076	2,529,136	11,100,870	102.1	42.4
Ind.	188,314	+1,029	3,909,341	2,952,771	956,570	2,881,201	97.6	37.7
Wis.	210,766	+3,529	5,047,644	3,978,299	1,069,345	1,514,952	38.1	19.6
Region VII:								
Ala.	58,716	+942	2,815,611	2,517,711	297,900	1,882,627	74.4	52.8
Fla.	72,015	+966	2,147,576	1,784,136	363,440	1,185,964	66.2	36.1
Ga.	96,590	+1,575	2,767,239	2,278,119	489,120	1,188,912	52.0	28.6
Miss.	40,178	+1,450	2,102,860	1,900,753	202,107	653,987	34.4	27.3
S. C.	50,231	+1,183	1,982,824	1,731,015	251,809	803,101	46.2	25.4
Tenn.	100,355	+1,087	3,891,530	3,386,438	505,092	2,799,929	82.6	39.8
Region VIII:								
Iowa	78,579	+1,941	2,896,546	2,502,259	394,287	955,562	38.2	27.6
Minn.	114,748	+1,380	3,274,925	2,696,762	578,163	1,892,523	70.0	36.2
Nebr.	32,107	+915	1,324,801	1,163,056	161,745	408,958	35.1	25.6
N. Dak.	7,222	+178	367,384	331,219	36,165	190,022	57.4	30.4
S. Dak.	8,336	+230	386,487	344,185	42,302	156,063	45.3	20.7
Region IX:								
Ark.	35,260	+202	1,530,558	1,351,317	179,241	1,324,320	97.9	36.3
Kans.	56,918	+689	1,826,730	1,538,097	288,633	1,136,765	73.9	34.4
Mo.	168,710	+2,344	6,017,271	5,158,763	858,508	3,687,430	71.2	35.6
Okla.	42,987	+302	1,688,514	1,474,479	214,035	1,388,772	94.0	48.7
Region X:								
La.	89,914	+2,485	4,066,719	3,616,859	449,860	1,596,569	43.7	40.0
N. Mex.	16,417	+637	854,373	771,877	82,496	217,052	28.1	23.7
Tex.	180,795	+4,838	6,321,384	5,408,557	912,827	1,471,560	27.1	29.8
Region XI:								
Colo.	47,812	+1,376	1,732,607	1,491,511	241,096	358,321	23.9	24.3
Idaho	21,429	+297	995,657	886,706	108,951	697,135	78.4	32.8
Mont.	26,305	+382	969,977	837,523	132,454	588,174	70.1	30.8
Utah	32,277	−189	784,451	619,587	164,864	974,621	157.1	36.0
Wyo.	10,746	+195	352,306	298,034	54,272	157,138	52.7	30.2
Region XII:								
Ariz.	25,674	+715	1,089,622	960,163	129,459	374,501	38.9	29.5
Calif.	[7] 727,236	−1,645	31,400,817	27,705,416	3,695,401	33,227,921	119.3	48.4
Nev.	12,770	+18	409,938	345,045	64,893	389,404	112.8	30.5
Oreg.	77,398	+571	3,408,444	3,014,149	394,295	2,870,763	94.1	41.1
Wash.	138,109	−2,432	4,169,409	3,455,475	713,934	6,801,982	191.6	47.4
Regions XIII and XIV:								
Alaska	10,841	−90	380,502	325,324	55,178	471,464	144.7	22.7
Hawaii	22,613	+421	620,222	506,035	114,187	199,125	39.3	8.0

[1] Data reported by State agencies except interest, which is credited and reported by the Treasury.

[2] Represents sum of balances at end of month in State clearing account and benefit-payment account and in State unemployment account in the Federal unemployment trust fund.

[3] Represents contributions, penalties, and interest collected from employers, and contributions from employees. Adjusted for refunds and for dishonored contribution checks. Current contribution rates (percent of taxable wages) are: for employers, 2.7 percent except in Michigan, where rate is 3.0 percent; for employees, 1.0 percent in Alabama and New Jersey. Experience rating, operative in 50 States, modifies those rates. All States collect contributions either wholly or in part on quarterly basis.

[4] Interest represents earnings of funds in State accounts in the Federal unemployment trust fund and is credited at end of each quarter.

[5] Net: adjusted for voided benefit checks and transfers under interstate combined-wage plan; includes reconversion unemployment benefits for seamen.

[6] Excludes reconversion unemployment benefits for seamen.

[7] Excludes $200,000 in California, and $15,000,000 in Rhode Island, withdrawn for payment of disability benefits.

week caused by the holiday on Good Friday.

During the January–March period, 99.9 cents was paid in benefits for each dollar collected, as compared with 54 cents in the preceding quarter. This

Table 6.—*Ratio of State insured unemployment*[1] *in week ended March 13, 1948, to average covered employment in 1946*

Region and State	Insured unemployment[1]	Average covered employment[2] (in thousands)	Ratio (percent) of insured unemployment to covered employment
Total	1,076,025	30,109.5	3.6
Region I:			
Connecticut	14,921	593.3	2.5
Maine	7,828	167.2	4.7
Massachusetts	48,139	1,413.8	3.4
New Hampshire	5,085	126.0	4.0
Rhode Island	9,480	231.0	4.1
Vermont	2,211	61.4	3.6
Region II–III:			
Delaware	1,972	83.3	2.4
New Jersey	59,332	1,221.7	4.9
New York	183,231	4,087.4	4.5
Pennsylvania	74,177	2,826.6	2.6
Region IV:			
Dist. of Columbia	5,112	210.0	2.4
Maryland	12,832	521.2	2.5
North Carolina	14,534	584.9	2.5
Virginia	9,175	451.1	2.0
West Virginia	11,615	346.9	3.3
Region V:			
Kentucky	11,248	333.4	3.4
Michigan	50,152	1,430.5	3.5
Ohio	35,322	2,017.4	1.8
Region VI:			
Illinois	60,374	2,232.4	2.7
Indiana	17,556	803.5	2.2
Wisconsin	9,781	667.8	1.5
Region VII:			
Alabama	12,290	380.0	3.2
Florida	12,121	354.8	3.4
Georgia	10,554	486.1	2.2
Mississippi	6,840	168.5	4.1
South Carolina	6,110	279.5	2.2
Tennessee	24,082	461.8	5.2
Region VIII:			
Iowa	6,984	310.1	2.3
Minnesota	15,088	503.2	3.0
Nebraska	3,241	144.1	2.2
North Dakota	1,236	34.9	3.5
South Dakota	1,068	43.0	2.5
Region IX:			
Arkansas	11,384	197.0	5.8
Kansas	8,403	208.7	4.0
Missouri	27,116	722.1	3.8
Oklahoma	11,881	237.6	5.0
Region X:			
Louisiana	16,124	379.5	4.2
New Mexico	1,846	72.2	2.6
Texas	15,675	1,016.1	1.5
Region XI:			
Colorado	3,460	175.2	2.0
Idaho	3,952	76.7	5.2
Montana	4,238	83.2	5.1
Utah	3,814	106.3	3.6
Wyoming	924	46.2	2.0
Region XII:			
Arizona	3,279	88.3	3.7
California	172,454	2,322.8	7.4
Nevada	1,890	36.9	5.1
Oregon	14,562	284.0	5.1
Washington	31,332	479.9	6.5

[1] Represents number of continued claims for unemployment in the week in which the 8th of the month falls.

[2] Average number of workers in covered employment in the pay period of each type (weekly, semimonthly, etc.) ending nearest the 15th of each month in 1946; corrected to Jan. 15, 1948.

increase was due to a rise of about a third in net benefits and a drop of about a fourth in collections. First-quarter collections, based on wages earned in the preceding quarter, are always abnormally low because only the first $3,000 of a worker's wages is subject to the unemployment tax. The nontaxable wages in excess of $3,000 are generally earned during the last quarter of the year. The first-quarter ratio of benefits to collections was 95 percent in 1947 and 186 percent in 1946. Thirteen States paid out more in benefits than they collected. In Connecticut a reduction in the unemployment pay-roll tax raised the ratio of benefits to collections to 345.7 percent.

On the other hand, there were 15 States in which collections were more than double the benefits during the quarter despite the $3,000 maximum limitation. Among this group were Colorado, New Mexico, and Texas, where less than 30 cents was paid in benefits for each dollar collected.

Funds available for benefits in State accounts in the Federal unemployment trust fund totaled $7,340.4 million on March 31, about $37.2 million more than on December 31, 1947.

Table 7.—*Claims and payments for veterans' unemployment allowances, March 1948*[1]

State	Initial claims	Continued claims	Weeks compensated	Payments
Total	355,254	2,930,464	2,848,754	[2] $55,782,494
Alabama	5,477	62,314	60,318	1,201,964
Alaska	324	3,164	3,047	60,656
Arizona	2,829	16,548	15,442	307,272
Arkansas	3,695	50,734	56,902	1,134,291
California	40,894	254,895	248,246	4,947,834
Colorado	3,252	29,960	29,724	591,302
Connecticut	4,164	32,588	29,971	596,284
Delaware	511	6,552	6,380	126,432
District of Columbia	716	18,632	18,689	374,202
Florida	8,608	64,798	63,470	1,264,977
Georgia	6,106	57,049	53,072	1,067,188
Hawaii	794	4,638	4,122	81,980
Idaho	1,254	16,972	16,866	334,929
Illinois	16,198	113,245	101,500	2,009,688
Indiana	9,921	49,301	48,216	955,022
Iowa	3,051	29,341	29,182	578,915
Kansas	3,662	29,657	32,163	637,666
Kentucky	5,722	53,030	48,970	966,784
Louisiana	4,763	58,831	58,597	1,165,037
Maine	3,745	33,419	31,108	616,991
Maryland	2,876	34,636	34,386	682,045
Massachusetts	14,576	125,908	113,750	2,262,699
Michigan	17,358	117,150	114,853	2,277,463
Minnesota	7,004	78,929	75,421	1,497,368
Mississippi	2,573	27,698	26,119	519,006
Missouri	7,855	87,845	83,721	1,662,003
Montana	1,659	16,283	15,828	315,399
Nebraska	1,760	13,387	13,098	258,243
Nevada	490	2,830	2,683	53,331
New Hampshire	2,363	16,557	14,446	286,593
New Jersey	9,202	108,425	103,837	2,070,610
New Mexico	1,715	18,143	17,518	349,006
New York	58,740	327,269	325,197	[2] 5,607,354
North Carolina	5,750	46,521	46,092	916,970
North Dakota	630	10,712	9,859	193,973
Ohio	14,850	100,093	94,040	1,860,805
Oklahoma	3,880	49,479	46,762	929,980
Oregon	5,408	40,884	40,480	803,654
Pennsylvania	25,998	236,501	231,305	4,611,029
Puerto Rico	815	17,351	17,687	353,428
Rhode Island	1,835	20,627	20,572	409,862
South Carolina	3,209	34,840	32,893	654,072
South Dakota	701	11,222	11,526	229,776
Tennessee	4,454	68,410	68,293	1,361,436
Texas	8,768	115,119	116,058	2,311,087
Utah	1,878	14,629	13,938	276,581
Vermont	944	9,623	9,722	192,742
Virginia	4,843	46,992	49,443	977,157
Washington	6,249	58,811	57,759	1,144,855
West Virginia	4,960	48,757	48,043	955,018
Wisconsin	5,699	34,670	32,624	644,122
Wyoming	526	4,495	4,816	95,413

[1] Represents activities under provisions of title V of the Servicemen's Readjustment Act of 1944; excludes data for self-employed veterans.

[2] New York payments in March adjusted downward for agency correction of figures for preceding months.

Source: Data reported to the Readjustment Allowance Service, Veterans Administration, by unemployment insurance agencies in 48 States, the District of Columbia, Alaska, and Hawaii, and by the Veterans Administration for Puerto Rico.

Earnings by the accounts during January–March amounted to more than half the benefits paid during the quarter in Colorado, Hawaii, Kentucky, North Carolina, Texas, and Wisconsin.

Veterans' Unemployment Allowances

The payment in March of $55.8 million under the veterans' unemployment allowance program for 2.8 million weeks of unemployment was the largest amount paid in any month since August 1947 and 12.8 percent more than February disbursements. Except for Delaware, Iowa, and Michigan, all States paid out more than they had a month earlier.

Initial claims, which dropped for the second successive month, were 5.1 percent fewer than in February. Thirty States shared in the decline, and 25 reported a drop of 10 percent or more. More initial claims were filed in 22 States; in all but nine of these States the increases were relatively small, however.

Varying weather conditions throughout the country and labor disputes, as well as administrative factors, helped to keep continued claims moving upward. In all States except Indiana, more continued claims were filed than in the preceding month, and the number for the country as a whole rose to 2.9 million—11.1 percent more than in February.

Nonfarm Placements

The decline in nonfarm placements that began in October 1947 was halted in March, when these placements showed the rather large increase of 20 percent over the February number. Forty-four States reported increases, and in 16 States the rise amounted to more than 30 percent. In Florida, Michigan, New Hampshire, and Rhode Island, placements continued to decline; Minnesota, affected in part by unsettled conditions in the meat-packing industry, reported a 5-percent drop.

Total nonfarm placements in the first quarter of 1948 numbered only 2 percent more than in the first quarter of 1947. Placements of women, on the other hand, were 11 percent higher. The number of March placements of women was 13.8 percent more than the February figure and was the largest number since October 1947. In five of the 39 States reporting increases, the number of placements rose more than 30 percent.

Though the number of job applications filed by veterans dropped for the second successive month, placements of veterans rose for the first time since October 1947 and represented a 23-percent increase over those in the preceding month. In contrast to February when placements in more than two-thirds of the States dropped, 42 States reported increases in March, with a rise of 20 percent or more in 29 States.

Table 8.—*Nonfarm placements by State, March 1948*

U. S. Employment Service region and State	Total	Women	Veterans [1]
Total	412,808	153,472	129,686
Region I:			
Connecticut	6,501	2,626	1,961
Maine	3,933	2,318	598
Massachusetts	9,938	4,227	3,187
New Hampshire	1,322	556	396
Rhode Island	2,416	1,365	518
Vermont	595	161	269
Region II:			
New York	58,996	35,542	11,099
Region III:			
Delaware	842	445	215
New Jersey	9,543	5,114	2,184
Pennsylvania	19,164	8,225	6,559
Region IV:			
District of Columbia	2,988	1,216	805
Maryland	4,234	1,376	1,264
North Carolina	8,979	2,600	3,041
Virginia	6,518	2,286	1,998
West Virginia	3,241	1,351	999
Region V:			
Kentucky	2,431	761	940
Michigan	8,951	2,051	3,718
Ohio	23,141	7,097	7,212
Region VI:			
Illinois	14,208	4,500	5,502
Indiana	8,653	2,968	2,717
Wisconsin	8,587	2,733	3,347
Region VII:			
Alabama	12,655	3,805	3,462
Florida	12,400	4,966	3,838
Georgia	11,524	4,167	3,068
Mississippi	7,703	2,467	2,172
South Carolina	7,515	1,740	2,354
Tennessee	11,010	3,524	3,839
Region VIII:			
Iowa	6,032	1,558	2,552
Minnesota	6,397	1,587	2,603
Nebraska	2,906	683	1,122
North Dakota	1,157	343	377
South Dakota	1,219	285	549
Region IX:			
Arkansas	7,174	2,527	2,130
Kansas	5,222	1,565	1,964
Missouri	7,044	2,362	2,442
Oklahoma	9,459	2,888	3,277
Region X:			
Louisiana	5,200	1,673	1,811
New Mexico	3,445	606	1,439
Texas	33,554	10,067	10,882
Region XI:			
Colorado	4,082	838	1,915
Idaho	2,292	469	1,165
Montana	1,240	316	529
Utah	2,033	429	973
Wyoming	707	159	316
Region XII:			
Arizona	3,295	984	1,161
California	30,059	10,978	10,567
Nevada	1,251	471	343
Oregon	4,834	1,069	1,995
Washington	6,218	1,428	2,312

[1] Represents placements of veterans of all wars.

Source: Department of Labor, U. S. Employment Service.

Old-Age and Survivors Insurance

Monthly Benefits, March 1948, and Benefits Awarded, January–March 1948

At the end of March, monthly benefits totaling $40.5 million were in current-payment status for almost 2.1 million beneficiaries (table 1). The net increase of 39,500 beneficiaries during the month was the greatest for any month since March 1946. Some $44.2 million was certified for monthly benefits and $3.5 million for lump-sum payments.

Monthly benefits awarded during the month reached a record number of 67,400. For primary, wife's, and widow's benefits, more awards were processed than during any previous month, while the number of awards of widow's current and child's benefits was exceeded only in the early months of 1945, when there was a large volume of awards based on war deaths.

The number of monthly benefits awarded during the first quarter of 1948 reached a new high. While primary and wife's benefits accounted for most of the increase, for each type of benefit the number of awards in the first quarter of 1948 was greater than that in the preceding quarter. Only for parent's benefits were fewer awards processed during the first quarter of 1948 than in the corresponding quarter of 1947.

Although fewer lump-sum payments were awarded during the first quarter of 1948 than a year earlier, the 53,100 wage earners represented in such awards showed an increase

of 14 percent over the first quarter of 1947. The decrease in the average number of payments per wage earner is due to the elimination of payments to certain persons. Under the 1946 amendments, effective with deaths occurring after 1946, lump-sum payments cannot be made to a spouse who was not living with the wage earner at the time of his death or to children or parents except as reimbursement for burial expenses.

Employers, Workers, and Wages, Fourth Quarter, 1947

The number of workers with taxable wages during October–December 1947 is estimated at 39 million. This total represents an increase of 2.8 percent over the number for the fourth quarter of 1946, but a 1.8-percent decrease from that for the third quarter of 1947. Average taxable wages, estimated at $438, were 0.5 and 10.8 percent lower than in the fourth quarter of 1946 and the third quarter of 1947, respectively.

This decline in number of workers and average taxable wages from the third to the fourth quarter follows the

Table 2.—*Number of monthly benefits and lump-sum death payments awarded, by type of benefit, 1940–48*

[Corrected to Apr. 16, 1948]

Year and quarter [1]	Monthly benefits							Lump-sum death payments [2]
	Total	Primary	Wife's	Child's	Widow's	Widow's current	Parent's	
1940	254,984	132,335	34,555	59,382	4,600	23,260	852	75,095
1941	269,286	114,660	36,213	75,619	11,020	30,502	1,272	117,303
1942	258,116	99,622	33,250	77,384	14,774	31,820	1,266	134,991
1943	262,865	89,070	31,916	85,619	19,576	35,420	1,264	163,011
1944	318,949	110,097	40,349	99,676	24,759	42,649	1,419	205,177
1945	462,463	185,174	63,068	127,514	29,844	55,108	1,755	247,012
1946	547,150	258,980	88,515	114,875	38,823	44,190	1,767	250,706
1947	572,909	271,488	94,189	115,754	45,249	42,807	3,422	218,787
1945								
January–March	104,064	35,613	12,587	33,025	7,730	14,689	420	65,695
April–June	117,857	41,116	14,454	37,208	7,954	16,614	511	69,770
July–September	106,782	44,493	14,908	28,058	6,821	12,096	406	54,750
October–December	133,760	63,952	21,119	29,223	7,339	11,709	418	56,797
1946								
January–March	147,229	72,379	23,553	30,091	8,805	12,006	395	64,185
April–June	155,036	75,641	25,222	31,452	10,306	11,966	449	67,543
July–September	132,627	62,541	21,809	27,222	10,020	10,579	456	58,382
October–December	112,258	48,419	17,931	26,110	9,692	9,639	467	60,596
1947								
January–March	133,217	62,106	22,136	27,548	10,404	10,293	730	60,357
April–June	152,847	69,319	24,383	33,202	12,525	12,173	1,245	61,729
July–September	141,475	68,866	23,206	27,676	10,702	10,232	793	48,563
October–December	145,370	71,197	24,464	27,828	11,618	10,109	654	48,138
1948								
January–March	167,446	82,316	27,970	30,784	14,197	11,505	674	55,685

[1] Quarterly data for 1940–44 were presented in the *Bulletin* for February 1947, p. 29.

[2] Under 1939 and 1946 amendments.

Table 1.—*Monthly benefits in current-payment status [1] at end of month, by type of benefit and month, March 1947–March 1948, and monthly benefit actions, by type of benefit, March 1948*

[Amounts in thousands; data corrected to Apr. 15, 1948]

Item	Total		Primary		Wife's		Child's		Widow's		Widow's current		Parent's	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Monthly benefits in current-payment status at end of month:														
1947														
March	1,738,841	$33,099.1	753,091	$18,540.2	231,587	$3,015.5	479,946	$6,057.4	135,634	$2,746.6	130,668	$2,634.6	7,915	$104.7
April	1,771,600	33,769.7	767,780	18,922.3	236,341	3,080.2	487,755	6,165.8	139,357	2,823.6	132,079	2,667.9	8,288	110.0
May	1,805,219	34,480.2	784,083	19,353.9	241,224	3,148.4	494,959	6,266.7	142,857	2,896.2	133,443	2,700.0	8,653	115.0
June	1,832,285	35,071.5	797,927	19,722.2	245,364	3,206.0	499,246	6,328.0	146,124	2,965.6	134,673	2,730.4	8,951	119.2
July	1,855,330	35,598.5	811,586	20,087.6	249,540	3,265.1	500,495	6,345.0	149,173	3,030.5	135,350	2,747.7	9,186	122.6
August	1,876,967	36,094.9	824,265	20,428.5	253,214	3,318.3	502,706	6,378.5	151,770	3,085.8	135,636	2,758.6	9,376	125.2
September	1,903,351	36,655.7	836,861	20,765.9	257,344	3,377.3	509,005	6,469.3	154,865	3,150.9	135,715	2,764.4	9,561	127.9
October	1,930,719	37,245.9	849,841	21,120.9	261,523	3,437.6	515,933	6,571.9	158,410	3,226.3	135,272	2,758.7	9,740	130.5
November	1,952,441	37,711.8	860,827	21,410.8	265,034	3,487.5	520,478	6,638.8	161,145	3,285.1	135,070	2,756.9	9,887	132.8
December	1,978,245	38,276.8	874,724	21,778.9	269,174	3,545.2	524,783	6,702.5	164,309	3,351.8	135,229	2,763.7	10,026	134.7
1948														
January	2,008,009	38,933.2	891,182	22,215.4	273,913	3,612.3	529,660	6,773.8	167,578	3,420.8	135,480	2,773.5	10,196	137.3
February	2,040,859	39,673.6	909,187	22,706.0	278,951	3,685.1	535,074	6,854.3	170,969	3,493.1	136,379	2,796.4	10,299	138.8
March	2,080,312	40,537.9	929,291	23,245.8	284,875	3,769.4	542,097	6,955.7	175,946	3,598.8	137,666	2,827.6	10,437	140.7
Monthly benefit actions, March 1948:														
In force [2] beginning of month	2,323,468	45,985.4	1,069,541	27,010.7	319,280	4,247.2	565,175	7,235.8	173,758	3,547.6	185,299	3,803.9	10,415	140.2
Benefits awarded in month	67,393	1,457.6	32,979	895.9	11,297	158.6	12,250	171.0	5,982	125.6	4,648	103.3	237	3.3
Entitlements terminated [3]	21,277	401.5	7,709	192.7	3,926	51.1	5,618	75.5	904	17.6	3,017	63.1	103	1.5
Net adjustments [4]	228	21.7	152	16.5	46	2.2	−5	1.7	1	−.2	33	1.4	1	(5)
In force end of month	2,369,812	47,063.2	1,094,963	27,730.4	326,697	4,356.9	571,802	7,333.0	178,837	3,655.4	186,963	3,845.4	10,550	142.1

[1] Benefit in current-payment status is subject to no deduction or only to deduction of fixed amount which is less than current month's benefit.

[2] Represents total benefits awarded (including benefits in current, deferred, and conditional-payment status) after adjustment for subsequent changes in number and amount of benefits (see footnote 4) and terminations (see footnote 3), cumulative from January 1940.

[3] Benefit is terminated when a beneficiary dies or loses entitlement to a benefit for some other reason.

[4] Adjustments result from operation of maximum and minimum provisions and from recomputations and administrative actions.

[5] Less than $50.

seasonal pattern observed each year since 1941 in employment and since 1943 in taxable wages and is a result of the operation of the $3,000 limitation on taxable wages. The lower average taxable wage estimated for the fourth quarter of 1947, as compared with the same quarter of 1946, is also the result of this limitation since the proportion of workers whose taxable earnings for the year reached the $3,000 limit early in the fourth quarter is estimated to have been larger in 1947 than in 1946.

The total number of workers in covered industries during the fourth quarter, estimated at 41 million, was 2 and 1 percent more than in the fourth quarter of 1946 and the third quarter of 1947, respectively. Correspondingly, the average amount of wages, taxable and nontaxable, received by workers in covered industries, estimated at $622, was 10.7 and 8.9 percent more. These increases are in line with changes in general employment levels and in wage rates.

The estimated number of employers reporting payment of taxable wages reached a record level of 2.6 million in the fourth quarter of 1947, 3.5 and 0.7 percent higher than in the fourth quarter of 1946 and the third quarter of 1947, respectively.

Table 3.—*Estimated number of employers*[1] *and workers and estimated amount of wages in industries covered by old-age and survivors insurance, by specified period, 1940–47*

[Corrected to May 1, 1948]

Year and quarter	Employers reporting wages[2] (in thousands)	Workers with taxable wages during period[3] (in thousands)	Taxable wages[3]		All workers employed in covered industries during period[3] (in thousands)	Total pay rolls in covered industries[3]	
			Total (in millions)	Average per worker		Total (in millions)	Average per worker
1940	2,500	35,393	$32,974	$932	35,393	$35,668	$1,008
1941	2,646	40,976	41,848	1,021	40,976	45,463	1,110
1942	2,655	46,363	52,939	1,142	46,363	58,219	1,256
1943	2,394	47,656	62,423	1,310	47,656	69,653	1,462
1944	2,469	46,296	64,426	1,392	46,296	73,349	1,584
1945	2,614	46,392	62,945	1,357	46,392	71,560	1,543
1946[4]	3,017	49,096	69,135	1,408	49,096	79,413	1,618
1947[4]	3,340	49,200	78,150	1,588	49,200	92,950	1,889
1945							
January–March	2,076	35,855	17,874	499	35,855	18,262	509
April–June	2,149	35,854	17,541	489	35,949	18,558	516
July–September	2,176	35,684	14,982	420	36,285	17,261	476
October–December	2,199	33,598	12,548	373	35,973	17,478	486
1946							
January–March[4]	2,287	36,038	16,840	467	36,038	17,410	483
April–June[4]	2,470	38,055	17,845	469	38,153	19,102	501
July–September[4]	2,478	39,670	17,750	447	40,228	20,320	505
October–December[4]	2,513	37,945	16,700	440	40,180	22,580	562
1947							
January–March[4]	2,531	38,765	20,850	538	38,765	21,620	558
April–June[4]	2,587	39.500	20,700	524	39,700	22,650	571
July–September[4]	2,583	39,700	19,500	491	40,600	23,200	571
October–December[4]	2,600	39,000	17,100	438	41,000	25,500	622

[1] Number corresponds to number of employer returns. A return may relate to more than 1 establishment if employer operates several separate establishments but reports for concern as a whole.

[2] Quarterly and annual data for 1937-39 were presented in the *Bulletin* for February 1947, p. 31.

[3] A description of these series and quarterly data for 1940 were presented in the *Bulletin* for August 1947, p. 30.

[4] Preliminary.

Public Assistance

Sources of Revenue and Types of Appropriation for the State Share of Assistance Programs, Fiscal Year 1947

Two-thirds of the States,[1] during the fiscal year 1947, depended entirely on general-fund revenues to meet the State share of all assistance programs in which there was State financial participation. These programs included the three special types of public assistance in all 33 of these States and general assistance in 23 States.

The remaining one-third (16 States) "earmarked"[2] State revenues for one or more of their assistance programs. Only seven of the 16 financed the entire State share of all programs from revenues earmarked for public assistance; the others used general-fund revenues alone or in combination with earmarked revenues for one or more of the assistance programs.

Earmarked revenues were more frequently provided for old-age assistance than for the other programs. Among the 180 separate assistance programs within the continental United States in which there was State financial participation in 1947, the State share was met wholly or partly from earmarked revenues for 14 of the 49 old-age assistance programs, 11 of the 48 aid to dependent children, 11 of the 49 aid to the blind, and 8 of the 34 general assistance programs.

Source of State revenue	Number of States	States
General revenues only, all programs.	33	Ariz., Ark., Calif., Del., D. C., Ga., Idaho, Ind., Ky., La., Maine, Md., Mass., Mich., Minn., Miss., Mo., Mont., N. H., N. J., N. Y., N. C., Pa., R. I., S. C., S. Dak., Tenn., Vt., Va., Wash., W. Va., Wis., Wyo.
Earmarked revenues only, all programs.	7	Kans., Nebr., N. Mex., N. Dak., Oreg., Tex., Utah.
Various combinations of general and earmarked revenues.	9	Ala., Colo., Conn., Fla., Ill., Iowa, Nev., Ohio, Okla.

Furthermore, a greater number of separate taxes were earmarked for old-age assistance than for any of the other programs. Twelve States provided funds from earmarked taxes for more than one assistance program.

[1] Excludes Alaska and Hawaii.

[2] See discussion of "earmarking" below. Additional detail is included in Public Assistance Report No. 15, *Sources of Revenue for the State Share of Public Assistance, 1939–47.*

Table 1.—*Public assistance in the United States, by month, March 1947–March 1948* [1]

Year and month	Total	Old-age assistance	Aid to dependent children: Families	Aid to dependent children: Children	Aid to the blind	General assistance	Total	Old-age assistance	Aid to dependent children: Families	Aid to dependent children: Children	Aid to the blind	General assistance
	Number of recipients						Percentage change from previous month					
1947												
March	----------	2,243,392	374,387	956,732	77,677	344,000	----------	+0.7	+3.0	+2.9	+0.5	−0.1
April	----------	2,255,525	384,053	979,620	77,954	339,000	----------	+.5	+2.6	+2.4	+.5	−1.6
May	----------	2,259,677	391,312	996,959	78,648	338,000	----------	+.2	+1.9	+1.8	+.9	−.3
June	----------	2,271,007	396,148	1,009,475	79,033	335,000	----------	+.5	+1.2	+1.3	+.5	−.7
July	----------	2,279,507	399,688	1,017,730	79,341	334,000	----------	+.4	+.9	+.8	+.4	−.4
August	----------	2,289,260	404,014	1,027,974	79,719	333,000	----------	+.4	+1.1	+1.0	+.5	−.3
September	----------	2,297,995	407,610	1,037,210	80,045	332,000	----------	+.4	+.9	+.9	+.4	−.5
October	----------	2,314,788	412,448	1,047,863	80,484	335,000	----------	+.7	+1.2	+1.0	+.5	+1.1
November	----------	2,323,989	410,912	1,046,146	80,822	340,000	----------	+.4	−.4	−.2	+.4	+1.3
December	----------	2,332,006	416,190	1,059,944	81,149	356,000	----------	+.3	+1.3	+1.3	+.4	+4.7
1948												
January	----------	2,338,645	423,096	1,078,775	81,442	378,000	----------	+.3	+1.7	+1.8	+.4	+6.3
February	----------	2,340,862	429,792	1,096,609	81,842	393,000	----------	+.1	+1.6	+1.7	+.5	+3.9
March	----------	2,345,136	437,487	1,115,946	82,073	402,000	----------	+.2	+1.8	+1.8	+.3	+2.3
	Amount of assistance						Percentage change from previous month					
1947												
March	$121,029,434	$80,732,176	$23,712,901		$2,920,357	$13,664,000	+2.4	+2.2	+4.1		+2.4	+0.3
April	121,883,760	81,165,676	24,118,180		2,943,904	13,656,000	+.7	+.5	+1.7		+.8	−.1
May	122,023,637	81,159,125	24,295,503		2,971,009	13,598,000	+.1	(2)	+.7		+.9	−.4
June	122,518,213	81,903,194	24,465,905		2,998,114	13,151,000	+.4	+.9	+.7		+.9	−3.3
July	123,416,954	82,045,300	24,865,393		3,034,261	13,472,000	+.7	+.2	+1.6		+1.2	+2.4
August	124,973,835	83,317,307	25,221,353		3,055,175	13,380,000	+1.3	+1.6	+1.4		+.7	−.7
September	125,906,660	83,877,538	25,472,965		3,075,157	13,481,000	+.7	+.7	+1.0		+.7	+.8
October	128,418,513	85,201,373	25,961,309		3,167,831	14,088,000	+2.0	+1.6	+1.9		+3.0	+4.5
November	128,722,531	85,770,698	25,736,955		3,187,878	14,027,000	+.2	+.7	−.9		+.6	−.4
December	131,918,102	87,270,336	26,224,905		3,211,861	15,211,000	+2.5	+1.7	+1.9		+.8	+8.4
1948												
January	134,016,675	87,856,146	26,927,594		3,239,935	15,993,000	+1.6	+.7	+2.7		+.9	+5.1
February	[3] 137,937,576	[3] 88,872,293	[3] 29,062,674		3,267,609	16,735,000	[3] +2.9	[3] +1.2	[3] +7.9		+.9	+4.6
March	138,351,918	88,430,967	28,808,122		3,292,829	17,820,000	[3] +.3	[3] −.5	[3] −.9		+.8	+6.5

[1] Data subject to revision. Excludes program administered without Federal participation in States administering such programs concurrently with programs under the Social Security Act.
[2] Decrease of less than 0.05 percent.
[3] February data include retroactive payments in Missouri of $1,096,446 for old-age assistance and $907,508 for aid to dependent children. Excluding these amounts, percentage changes for old-age assistance would be −0.1 in February and +0.7 in March; for aid to dependent children, +4.6 in February and +2.3 in March; and for total, +1.4 in February and +1.8 in March.

Table 2.—*Old-age assistance: Recipients and payments to recipients, by State, March 1948* [1]

State	Number of recipients	Payments to recipients: Total amount	Payments to recipients: Average	Percentage change from February 1948 in—Number	Percentage change from February 1948 in—Amount	Percentage change from March 1947 in—Number	Percentage change from March 1947 in—Amount
Total	2,345,136	$88,430,967	$37.71	+0.2	[2] −0.5	+4.5	+9.5
Ala	63,166	1,233,992	19.54	+.8	+3.0	+28.2	+40.1
Alaska	1,362	58,931	43.27	+.3	−.1	−1.6	+.3
Ariz	10,693	510,400	47.73	−.3	−.3	+3.0	−.1
Ark	46,004	836,935	18.19	+.6	+.6	+25.4	+22.0
Calif	183,919	10,506,744	57.13	+.5	+.6	+9.2	+18.5
Colo	44,847	2,716,173	60.57	+.2	+.2	+6.9	+9.1
Conn	15,386	750,658	48.79	+.4	+1.7	+3.7	+16.8
Del	1,282	32,456	25.32	−.6	+.3	+9.1	+32.1
D. C	2,332	93,488	40.09	+1.7	+2.5	+1.7	+2.1
Fla	56,767	2,158,623	38.03	+.7	+1.0	+12.2	+17.9
Ga	81,825	1,513,895	18.50	+.6	+2.0	+6.5	+15.4
Hawaii	1,964	65,464	33.33	+1.6	+1.6	+20.1	+19.0
Idaho	10,495	437,213	41.66	(3)	+.1	+.5	(4)
Ill	125,666	5,142,550	40.92	−.3	(3)	−.9	+3.4
Ind	50,446	1,623,361	32.18	−.1	+.8	−10.7	−1.4
Iowa	48,532	2,057,670	42.40	−.1	+.5	+.5	+9.3
Kans	35,551	1,403,717	39.48	+.4	+.5	+6.4	+21.6
Ky	51,421	893,672	17.38	+.1	+.1	+11.7	+11.7
La	54,968	1,221,185	22.22	+1.6	+2.3	+18.0	+9.5
Maine	12,979	473,731	36.50	+1.1	+11.3	−17.3	−11.6
Md	11,814	384,368	32.53	−.1	+.4	+.4	+6.8
Mass	88,341	4,868,092	55.11	+.3	+.7	+5.0	+14.7
Mich	91,043	3,501,782	38.46	(3)	+.2	−1.8	+5.4
Minn	54,416	2,345,956	43.11	−.1	+.4	+.7	+18.5
Miss	40,187	634,312	15.78	−1.0	−1.1	+3.7	−4.0
Mo	115,589	$4,205,057	$36.38	−0.1	(5)	+3.2	+8.4
Mont	10,876	430,380	39.57	+.3	+.5	+2.1	+8.2
Nebr	24,140	957,844	39.68	−.2	(3)	−4.0	−2.0
Nev	2,125	103,204	48.57	+.6	+.8	+8.6	+12.2
N. H	6,827	269,847	39.53	+.2	+.9	+1.5	+15.8
N. J	23,186	982,157	42.36	−.1	+.1	+.9	+6.4
N. Mex	8,696	311,700	35.84	+1.2	+1.5	+14.2	+12.9
N. Y	111,458	5,563,723	49.92	+.3	+.3	+4.3	+9.9
N. C	42,659	770,973	18.07	+.6	+1.2	+15.5	+17.6
N. Dak	8,799	346,866	39.42	−.2	(3)	−1.4	−.4
Ohio	122,278	5,102,389	41.73	−.2	+.3	+1.6	+8.9
Okla	95,860	4,064,735	42.40	−.2	−.2	+2.8	+3.2
Oreg	22,178	966,559	43.58	+.1	+.7	−2.5	−5.0
Pa	88,718	3,117,522	35.14	−.2	+.4	−1.3	+2.2
R. I	8,882	369,380	41.59	+.2	−.2	+8.4	+18.5
S. C	32,678	647,508	19.81	+.4	+.5	+17.7	+14.8
S. Dak	12,172	390,312	32.07	+.1	+.5	−4.9	−6.6
Tenn	50,501	1,027,568	20.35	+.2	+.1	+11.4	+22.0
Tex	200,635	6,250,320	31.15	+.3	+3.4	+5.1	+14.1
Utah	11,683	545,545	46.70	+.3	+.2	−9.4	−7.5
Vt	6,012	201,488	33.51	+.2	+1.1	+8.0	+17.3
Va	16,374	301,914	18.44	−.3	+.4	+5.5	+12.1
Wash	63,800	3,611,788	56.61	+.1	+.3	−4.2	−3.5
W. Va	21,945	446,374	20.34	−.2	−.2	+8.6	+13.0
Wis	47,744	1,787,802	37.45	−.1	+.3	+1.4	+7.1
Wyo	3,915	192,644	49.21	+.4	+2.6	+3.8	+4.9

[1] For definitions of terms see the *Bulletin*, January 1948, pp. 24–26. All data subject to revision.
[2] Based on February data which included retroactive payments in Missouri. If these payments were deducted the percentage change would be +0.7.
[3] Decrease of less than 0.05 percent.
[4] Increase of less than 0.05 percent.
[5] Percentage change not computed; data for preceding month included retroactive payments.

Several of the 12 earmarked some taxes for all the programs and additional taxes for old-age assistance.

Undoubtedly the relatively high cost of the old-age assistance program, with its case loads far in excess of those of the other special types of public assistance and public acceptance of responsibility for the higher

Table 3.—*General assistance: Cases and payments to cases, by State, March 1948* [1]

State	Number of cases	Payments to cases		Percentage change from—			
				February 1948 in—		March 1947 in—	
		Total amount	Average	Number	Amount	Number	Amount
Total [2]	402,000	$17,820,000	$44.38	+2.3	+6.5	+16.6	+30.4
Ala	6,043	98,054	16.23	+1.6	+6.5	+27.6	+30.4
Alaska	136	4,642	34.13	−6.2	+1.2	−8.1	+15.3
Ariz	2,149	62,423	29.05	+1.6	+4.3	−2.5	−4.4
Ark.[3]	2,638	32,024	12.14	−.5	−2.6	−2.0	−3.2
Calif	33,661	1,550,828	46.07	+13.7	+15.7	+42.3	+44.2
Colo	5,038	214,643	42.60	+2.7	+2.8	+17.3	+31.9
Conn	[4] 3,914	[4] 177,650	45.39	−.4	+1.6	+13.8	+24.5
Del	991	39,449	39.81	+2.8	+1.6	+28.9	+34.7
D. C	1,133	50,337	44.43	0	+.5	−3.7	−10.3
Fla	[5] 4,100	[5] 69,700					
Ga	3,235	51,968	16.06	+1.0	+5.8	+8.0	+23.8
Hawaii	1,027	48,774	47.49	+5.9	+9.0	+15.8	+23.4
Idaho [6]	520	15,680	30.15	−.6	−1.0	−2.8	+4.6
Ill	28,147	1,450,859	51.55	+2.6	+8.1	+17.6	+36.3
Ind [7]	11,895	325,031	27.33	+4.0	+6.8	+12.2	+18.7
Iowa	4,361	133,292	30.56	+.7	+4.2	−8.9	−.8
Kans	5,395	238,302	44.17	+1.9	+1.2	+9.4	+14.8
Ky	2,481	43,807	17.66	−2.5	+3.6	(8)	(8)
La	9,703	218,000	24.47	+2.6	+3.1	+18.3	+27.0
Maine	3,363	142,747	42.45	+10.3	+7.5	+39.4	+46.4
Md	4,288	168,812	39.37	+.3	+1.6	−47.0	−43.8
Mass	17,775	834,959	46.97	+1.9	+10.7	+15.6	+32.7
Mich	29,474	1,586,028	53.81	+3.4	+21.8	+31.5	+78.1
Minn	7,297	324,855	44.52	+3.1	+4.6	+12.5	+27.9
Miss	557	5,790	10.39	+7.3	+6.4	+32.6	+40.1
Mo.[9]	12,335	341,211	27.66	−.7	−4.9	+11.8	+30.2
Mont	1,538	41,618	27.06	+4.1	+3.6	+18.9	+15.8
Nebr	1,913	59,218	30.96	−1.6	−.4	+5.4	+15.7
Nev	342	7,603	22.23	−.6	−2.1	+19.6	+36.1
N. H	1,380	55,550	40.25	−.3	+1.6	+15.2	+34.7
N. J.[7]	8,179	451,654	55.22	+.9	+5.4	+35.1	+51.4
N. Mex.[9]	1,936	41,379	21.37	−1.5	−1.6	+13.2	+12.1
N. Y	[10] 66,281	4,451,476	67.16	+1.5	+2.4	+24.8	+24.7
N. C	3,644	51,305	14.08	−6.6	−4.6	+14.7	+15.5
N. Dak	1,053	33,655	31.96	+5.3	+8.4	+28.9	+29.4
Ohio	25,108	1,166,504	46.46	+3.2	+3.8	+28.3	+46.3
Okla	[11] 6,300	72,129	(11)	(11)	+3.0	(11)	+17.5
Oreg	7,808	365,403	46.80	+4.8	+7.8	+34.5	+35.3
Pa	32,864	1,408,341	42.85	+.4	+11.4	−1.8	+16.8
R. I	2,866	142,065	49.57	−1.7	+7.0	+11.0	+18.5
S. C	4,200	67,299	16.02	−.7	−.3	−3.7	+26.5
S. Dak	867	24,478	28.23	+3.2	+15.2	−8.6	+2.4
Tenn	1,967	21,872	11.12	−4.4	−1.0	+18.6	+31.3
Tex	[5] 4,500	[5] 90,000					
Utah	2,057	110,965	53.95	+3.2	+2.2	+9.0	+6.7
Vt	[5] 600	[5] 15,300					
Va	4,165	88,507	21.25	+3.0	+7.0	+15.4	+24.4
Wash	12,560	695,229	55.35	+3.8	−1.5	+23.2	+49.0
W. Va	3,673	53,780	14.64	−.5	+.6	−25.5	−24.4
Wis	5,578	243,226	43.60	+1.3	+2.6	+9.1	+15.3
Wyo	503	23,604	46.93	−3.5	+4.4	+9.3	+12.5

[1] For definitions of terms see the *Bulletin*, January 1948, pp. 24–26. All data subject to revision.
[2] Partly estimated; does not represent sum of State figures because total excludes payments made in Indiana and New Jersey for, and an estimated number of cases receiving, medical care, hospitalization, and burial only.
[3] State program only; excludes program administered by local officials.
[4] About 6 percent of this total is estimated.
[5] Estimated.
[6] Excludes assistance in kind and cases receiving assistance in kind only and, for a few counties, cash payments and cases receiving cash payments. Amount of payments shown represents about 60 percent of total.
[7] Includes unknown number of cases receiving medical care, hospitalization, and burial only, and total payments for these services.
[8] Not computed; data previous to February 1948 estimated.
[9] Excludes a few cases and small amount of local funds not administered by State agency.
[10] Includes cases receiving medical care only.
[11] Excludes estimated duplication between programs; 2,880 cases were aided by county commissioners and 4,107 cases under program administered by State Board of Public Welfare. Average per case and percentage change in number of cases not computed.

Table 4.—*Aid to the blind: Recipients and payments to recipients, by State, March 1948* [1]

State	Number of recipients	Payments to recipients		Percentage change from—			
				February 1948 in—		March 1947 in—	
		Total amount	Average	Number	Amount	Number	Amount
Total	82,073	$3,292,829	$40.12	+0.3	+0.8	+5.7	+12.8
Total, 47 States [2]	64,690	2,628,072	40.63	+.4	+1.0	+6.3	+15.3
Ala	1,082	23,960	22.14	+.7	+6.3	+10.6	+22.7
Ariz	642	36,309	56.56	−.6	−.6	+5.8	+2.5
Ark	1,597	33,518	20.99	+1.5	+1.0	+13.9	+11.3
Calif	7,040	511,475	72.65	+.7	+.9	+13.1	+30.6
Colo	387	19,751	51.04	+.3	+.9	−7.4	+26.6
Conn	147	6,228	42.37	+2.8	+2.1	+8.9	+17.1
Del	125	3,746	29.97	+1.6	+2.7	+15.7	+24.8
D. C	219	9,776	44.64	+1.4	+3.2	+4.3	+10.1
Fla	2,790	109,512	39.25	+.1	+.7	+8.0	+13.2
Ga	2,290	50,510	22.06	+.8	+2.3	+3.9	+12.4
Hawaii	76	2,802	36.87	(3)	(3)	(3)	(3)
Idaho	203	9,378	46.20	0	−.6	−3.8	−4.9
Ill	4,666	199,012	42.65	−.6	−.4	−4.2	+7.3
Ind	1,908	65,339	34.24	+.1	+.6	−.6	+7.4
Iowa	1,198	[4] 55,024	45.93	+.2	+.7	−3.2	−3.0
Kans	881	37,164	42.18	−.7	−.5	−21.4	−16.4
Ky	1,876	34,740	18.52	+.3	+.6	+14.7	+16.0
La	1,608	43,798	27.24	+1.2	+1.5	+9.5	+.3
Maine	668	22,446	33.60	−1.9	−1.5	−11.8	−13.9
Md	466	16,495	35.40	−.4	(5)	+.2	+4.4
Mass	1,257	66,854	53.19	+.1	+.2	+8.8	+15.4
Mich	1,484	61,086	41.16	+.8	+1.3	+7.1	+9.4
Minn	1,035	52,082	50.32	+1.5	+3.8	+7.0	+25.1
Miss	2,120	51,049	24.08	−.7	−.8	+8.7	+10.3
Mo	[6] *2,850*	[5] *85,500*	[7] *30.00*				
Mont	438	17,999	41.09	+.9	+1.0	+16.8	+20.0
Nebr	513	23,211	45.25	−2.0	+4.5	+13.5	+29.6
Nev	*27*	*1,188*	(3)	(3)	(3)	(3)	(3)
N. H	302	12,619	41.78	0	+.8	+4.9	+21.1
N. J	642	28,674	44.66	+1.3	+3.2	+10.7	+18.4
N. Mex	410	16,172	39.44	+1.0	+1.4	+50.7	+50.1
N. Y	3,510	193,750	55.20	+1.0	+1.1	+6.5	+11.3
N. C	3,113	90,331	29.02	+.9	+2.7	+12.1	+28.7
N. Dak	122	5,045	41.35	+1.7	+1.1	−2.4	+8.0
Ohio	3,378	132,510	39.23	+.3	+.5	+6.1	+18.6
Okla	2,593	111,010	42.81	+.2	+.2	+12.4	+12.3
Oreg	380	19,117	50.31	−.5	−.3	−4.8	−9.6
Pa	*14,506*	*578,069*	*39.85*	*−.3*	*−.4*	*+4.1*	*+4.3*
R. I	142	6,438	45.34	−.7	+.8	+15.4	+28.9
S. C	1,298	29,212	22.51	+1.0	+1.3	+13.0	+7.3
S. Dak	218	6,426	29.48	+1.4	+1.5	0	−1.7
Tenn	1,881	57,154	30.38	+.4	+.4	+12.2	+49.7
Tex	5,526	190,955	34.56	+.7	+3.3	+6.2	+17.1
Utah	144	7,985	55.45	+.7	−.1	−.7	+5.0
Vt	182	6,912	37.98	+1.1	+2.7	+6.4	+16.5
Va	1,190	28,607	24.04	+.7	+1.6	+9.3	+20.7
Wash	662	45,376	68.54	+.5	+1.3	+1.7	+4.7
W. Va	883	20,684	23.42	−.2	−.3	+.7	+7.1
Wis	1,283	50,507	39.37	−.3	+.2	−1.8	+8.4
Wyo	115	5,324	46.30	−.9	+2.6	−5.0	−13.2

[1] For definitions of terms see the *Bulletin*, January 1948, pp. 24–26. Figures in italics represent programs administered without Federal participation. Data exclude program administered without Federal participation in Connecticut, which administers such program concurrently with program under the Social Security Act. Alaska does not administer aid to the blind. All data subject to revision.
[2] Under plans approved by the Social Security Administration.
[3] Average payment not calculated on base of less than 50 recipients; percentage change, on less than 100 recipients.
[4] Excludes cost of medical care, for which payments are made to recipients quarterly.
[5] Decrease of less than 0.05 percent.
[6] Estimated.
[7] Represents statutory monthly pension of $30 per recipient; excludes payment for other than a month.

cost, led in the early years of the Social Security Act to the tapping of new sources of revenue for this program more often than for the others. The recent trend in financing old-age assistance as well as other assistance programs has been in the direction of using general revenues only.

Earmarked Taxes

The term "earmarking" is used to describe various methods of setting aside for specified purposes all or part of the net revenues from given kinds of taxes. The amount may be specified in terms of a percentage of net revenues, a percentage of revenues up to a certain or fixed dollar maximum, or an absolute dollar amount.

In some instances, revenues earmarked for public assistance become directly available for assistance costs, and the amounts so available are determined by amounts collected. In other instances, legislative appropriations are required, and thus the appropriations, rather than the amounts of the earmarked tax receipts as such, control the total funds available to the assistance agencies for expenditure. For a majority of the programs financed wholly or partly from earmarked revenues during 1947, appro-

Table 5.—*Aid to dependent children: Recipients and payments to recipients, by State, March 1948* [1]

State	Number of recipients		Payments to recipients		Percentage change from—					
					February 1948 in—			March 1947 in—		
					Number of—		Amount	Number of—		Amount
	Families	Children	Total amount	Average per family	Families	Children		Families	Children	
Total	437,487	1,115,946	$28,808,122	$65.85	+1.8	+1.8	[3] −0.9	+16.9	+16.6	+21.5
Total, 50 States [2]	437,437	1,115,830	28,806,476	65.85	+1.8	+1.8	[3] −.9	+16.9	+16.6	+21.5
Alabama	10,218	27,956	338,956	33.17	+2.0	+1.7	+7.7	+30.6	+27.8	+36.8
Alaska	225	514	7,042	31.30	−1.3	−5.5	−4.5	+2.7	−2.5	−27.5
Arizona	2,417	7,025	117.494	48.61	+1.4	+1.3	+1.3	+4.5	+5.4	−.9
Arkansas	8.718	22,771	309,176	35.46	+2.4	+2.4	+2.4	+44.4	+41.6	+39.0
California	14,698	34,247	1,563,115	106.35	+3.9	+3.7	+4.6	+52.2	+42.6	+69.5
Colorado	4,561	12,428	362,656	79.51	+2.1	+2.2	+2.3	+12.2	+11.3	+26.1
Connecticut	2,772	6,806	276,618	99.79	+3.7	+3.6	+2.1	+2.0	+1.0	+8.8
Delaware	332	983	24,486	73.75	+.9	+1.7	+1.4	+35.5	+43.3	+12.2
District of Columbia	1,258	3,872	95,771	76.13	+2.0	+3.8	+1.8	+.7	+2.5	+3.0
Florida	15,954	39,240	669.560	41.97	+4.1	+3.9	+4.0	+78.8	+76.6	+112.3
Georgia	7,966	20,431	288,892	36.27	+4.3	+4.6	+5.5	+24.2	+23.4	+26.5
Hawaii	1,296	3,911	110,086	84.94	+4.0	+3.6	+3.6	+51.2	+48.4	+41.7
Idaho	1,864	4,780	149,874	80.40	+1.0	+1.1	+1.6	+7.4	+4.7	+8.4
Illinois	21,641	54,862	1,881,560	86.94	+.7	+.7	+1.0	−8.5	−5.5	−4.2
Indiana	8,306	20,528	414,774	49.94	+1.3	+1.4	+2.2	+12.3	+13.4	+42.7
Iowa	4,864	12,452	[4] 346.104	71.16	+1.8	+1.4	+3.0	+20.0	+19.5	+144.0
Kansas	5,024	12,723	363,689	72.39	+.9	+1.3	+1.2	+9.7	+9.9	+12.8
Kentucky	12,937	32,807	444,516	34.36	+1.9	+2.1	+2.3	+58.5	+56.2	+30.7
Louisiana	14,117	36,767	563,961	39.95	+3.2	+3.5	+3.8	+29.1	+29.3	+13.1
Maine	2,220	6,390	175,439	79.03	+5.4	+4.9	+5.1	+12.6	+12.5	−2.8
Maryland	5,780	16,733	418,420	72.39	+1.8	+1.2	+1.7	+22.1	+24.0	+82.1
Massachusetts	10,119	24,965	1,053,655	104.13	+1.8	+1.7	+1.8	+13.9	+13.4	+22.2
Michigan	21,638	50,905	1,684,026	77.83	+1.6	+1.5	+1.8	+11.1	+9.6	+11.4
Minnesota	6,669	17,047	458,458	68.74	+1.2	+1.2	+1.4	+16.9	+16.6	+43.7
Mississippi	5,601	14,889	147,491	26.33	−1.4	−1.6	−1.6	+15.4	+15.9	+14.9
Missouri	20,070	51,994	929,499	46.31	+.2	+.2	(5)	+8.8	+8.1	+35.6
Montana	1,912	5,059	135,667	70.96	+3.4	+3.5	+4.1	+16.9	+16.5	+28.1
Nebraska	3,220	7,595	238,302	74.01	+.9	+.5	+.9	+5.3	+4.7	−2.3
Nevada	*50*	*116*	*1,646*	*32.92*	(6)	(6)	(6)	(6)	(6)	(6)
New Hampshire	1,213	3,046	98,559	81.25	+1.3	+.6	+1.4	+14.4	+12.6	+18.9
New Jersey	4,685	12,201	383,024	81.76	+2.7	+2.9	+2.9	+19.6	+21.5	+29.8
New Mexico	4,469	11,852	246,628	55.19	+5.1	+5.5	+5.8	+31.7	+33.1	+49.2
New York	45,239	105,578	4,677,524	103.40	+1.3	+1.4	+2.3	+23.4	+21.2	+23.3
North Carolina	8,927	25,396	317,928	35.61	+2.7	+2.7	+3.8	+21.4	+23.0	+24.0
North Dakota	1,647	4,448	142,668	86.62	+2.2	+1.6	+3.3	+.4	−.3	+19.8
Ohio	9,950	26,896	715,775	71.94	+2.4	+2.0	+4.3	+9.3	+7.7	+15.7
Oklahoma	22,883	56,832	1,010,175	44.15	+.9	+.8	+.7	−11.1	−8.8	−13.0
Oregon	2,571	6,591	254,604	99.03	+4.4	+3.9	+4.4	+3.0	+4.2	+8.5
Pennsylvania	40,362	104,455	3,131,890	77.60	+1.3	+1.3	+2.3	+6.1	+6.3	+14.1
Rhode Island	2,715	6,793	212,635	78.32	+1.3	+1.2	+.6	+24.2	+23.7	+29.5
South Carolina	6,671	18,626	173,372	25.99	+2.0	+2.5	+2.8	+30.8	+32.5	+24.7
South Dakota	1,798	4,451	81,445	45.30	+1.2	+1.1	+1.1	−7.6	−6.8	−9.2
Tennessee	15,121	40,620	668,539	44.21	+.8	+.8	+.6	+17.0	+17.7	+47.3
Texas	17,081	43,209	637,723	37.34	+1.9	+2.1	+2.1	+35.6	+35.9	+20.8
Utah	2,890	7,656	295,740	102.33	+3.0	+2.2	+2.8	+19.1	+17.8	+19.7
Vermont	791	2,149	38,008	48.05	+.8	+1.1	+2.0	+19.1	+16.5	+24.0
Virginia	5,189	14,947	215,624	41.55	+2.2	+2.4	+3.1	+20.8	+19.9	+29.6
Washington	8,022	19,371	794,728	99.07	+2.0	+1.4	+1.7	+23.5	+22.1	+12.0
West Virginia	10,902	30,061	445,404	40.86	+1.3	+1.2	+1.2	+19.7	+19.6	+25.3
Wisconsin	7,521	18,844	659,205	87.65	+1.4	+1.6	+2.1	+7.6	+8.3	+17.3
Wyoming	393	1,128	35,991	91.58	−.3	+.1	+4.8	−3.0	−1.7	+4.5

[1] For definitions of terms see the *Bulletin*, January 1948, pp. 24–26. Figures in italics represent program administered without Federal participation. Data exclude programs administered without Federal participation in Florida, Kentucky, and Nebraska, which administer such programs concurrently with programs under the Social Security Act. All data subject to revision.

[2] Under plans approved by the Social Security Administration.

[3] Based on February data, which included retroactive payments in Missouri. If these payments are deducted the percentage change would be +2.3.

[4] Excludes cost of medical care, for which payments are made to recipients quarterly.

[5] Percentage change not computed; data for preceding month included retroactive payments.

[6] Percentage change not calculated on base of less than 100 families.

priations from earmarked revenues or general-fund appropriations that supplemented receipts from earmarked taxes set the amounts of State funds that were available for assistance. Collections of earmarked revenues directly determined the total amounts available for only 12 programs in five States: Colorado (A),[3] Nebraska (ABC), Nevada (A), New Mexico (ABCG), and Oklahoma (ABC).

General sales, use, or gross-receipts taxes, which are of course paid by the entire buying population, and sales taxes on selected commodities or services, chiefly alcoholic beverages, were more commonly earmarked for public assistance than other types of revenues. Of the 16 States that drew on earmarked revenues for financing one or more assistance programs, seven earmarked receipts from general sales or use taxes; four of these States and six others earmarked selective sales taxes.

A listing of the States earmarking specified kinds of taxes for public assistance does not, of course, necessarily show the total number of States using such taxes in financing their share of the costs. When assistance is financed from general funds, each type of revenue paid into the State general fund may be assumed to contribute to the financing of the assistance programs. General sales, or sales and use taxes, for example, were in effect during the 1947 fiscal year in a total of 23 States, including the seven that earmarked such taxes for assistance. Undoubtedly in all 23, sales-tax revenues were of considerable importance to the assistance programs.

More than half the 13 States that earmarked general or selective sales taxes for one or more assistance programs earmarked other types also, chiefly license and privilege taxes on the sale of alcoholic beverages. A wide variety of other kinds of taxes were similarly earmarked in a few States.

Lump-Sum and Separate Appropriations

Half the States (25 of the 49) made separate appropriations, from general or earmarked revenues, for each of the assistance programs for the fiscal year 1947 or for a biennial period including 1947. Lump-sum appropriations covering all assistance programs, and in some instances other welfare programs also, were provided in 15 States.[4] Two additional States provided earmarked revenues for all assistance programs and various other welfare purposes but set no limitation on the amount or proportion to be allocated to each program. In each of six States, a separate appropriation was made for at least one of the assistance programs, and the amount available for the others was determined either by a lump-sum appropriation or by receipts from earmarked taxes.

In general, lump-sum appropriations from which allocations to the various programs may be made by the assistance agencies allow a greater degree of flexibility in the use of assistance funds than do the fixed separate appropriations for each program. A considerable degree of flexibility may, of course, be achieved in other ways, such as transferring funds among programs. Several States provide for such transfers without legislative action. The procedures for making these transfers vary considerably, but usually State finance or budget officers or the State governor must approve them. In one State, although program allocations are specified in the appropriation act, transfer of funds from one program to another may be made at the discretion of the assistance agency, and thus these allocations have the effect of a lump-sum appropriation.

California is the only State that provides State funds for public assistance on the basis of actual expenditures rather than amounts determined by legislative appropriation or collections from earmarked taxes. The State appropriations are completely "open end," in that they are limited only by the maximums on assistance payments or, in aid to dependent children, the State matching maximums. California, uniquely among the States, in effect simply makes the State share of the payments a charge on the State treasury.

[3] A, old-age assistance; B, aid to the blind; C, aid to dependent children; G, general assistance.

[4] In each of two of these States a separate appropriation, in addition to allocations from the lump-sum appropriation, was available for one program, and in another State a small amount from an earmarked tax was available for old-age assistance, which was financed almost entirely from the lump-sum appropriation.

Social and Economic Data

Social Security and Other Income Payments

Personal Income

Personal income in March was at an annual rate of $208.5 billion, slightly more than 9 percent above the level a year earlier (table 1). The rise of $10 billion in employee income was the main contributing factor in the overall increase of $18 billion, although percentage-wise the increases in proprietors' income and interest and dividend income were at a higher rate.

The composition of personal income payments in March was much the same as a year earlier—employees' income accounted for 62 percent of the total, proprietors' income for 25 percent, interest and dividend income for about 7.5 percent, and social insurance, public aid, and miscellaneous payments for the remainder. Social insurance and related payments were down slightly from the March 1947 levels because of the drop in unemployment insurance, while the payments to veterans under State bonus plans resulted in a substantial increase in the miscellaneous income segment.

Estimated Pay Rolls in Covered Employment, 1947

Total wages and salaries in 1947 reached a record level of $122.8 billion, slightly more than 10 percent above the 1946 total. Civilian pay rolls accounted for 96.6 percent of the total in 1947, compared with only 93 percent in 1946. Military pay rolls, $4 billion, were only half the 1946 total for such payments.

The rise in civilian wages and salaries was concentrated in pay rolls

Table 1.—*Personal income, by specified period, 1940–48*

[In billions; seasonally adjusted, at annual rates]

Year and month	Total	Employees' income[1]	Proprietors' and rental income	Personal interest income and dividends	Public aid[2]	Social insurance and related payments[3]	Miscellaneous income payments[4]
1940	$78.3	$47.6	$16.3	$9.4	$2.7	$1.7	$0.6
1941	95.3	60.0	20.8	9.9	2.4	1.6	.6
1942	122.2	80.2	28.1	9.7	1.7	1.8	.7
1943	149.4	104.0	32.1	10.0	1.0	1.6	.7
1944	164.9	116.0	34.4	10.7	1.0	1.8	1.0
1945	171.6	117.6	37.1	11.6	1.0	2.9	1.4
1946	177.2	112.5	41.8	13.3	1.2	7.2	1.2
1947	196.8	123.4	47.8	14.8	1.5	7.4	1.9
1947							
March	190.6	118.8	46.8	14.2	1.5	7.9	1.4
April	189.4	117.8	46.5	14.3	1.5	7.9	1.4
May	190.5	119.0	46.5	14.4	1.5	7.6	1.5
June	194.1	121.6	47.1	14.6	1.5	7.4	1.9
July	194.9	121.4	47.4	14.7	1.5	7.5	2.4
August	193.8	122.7	45.5	14.9	1.5	7.2	2.0
September	209.9	135.7	48.1	15.6	1.5	7.0	2.0
October	203.2	127.0	50.4	15.4	1.6	6.8	2.0
November	204.2	129.0	49.9	15.5	1.6	6.5	1.7
December	210.4	130.7	54.0	15.6	1.6	6.8	1.7
1948							
January	211.4	130.5	54.5	15.7	1.6	7.1	2.0
February	207.7	129.1	51.6	15.8	1.7	7.2	2.3
March	208.5	129.1	51.5	16.0	1.7	7.4	2.8

[1] Civilian and military pay in cash and in kind in the continental United States, pay of Federal civilian and military personnel stationed abroad, other labor income (except compensation for injuries), mustering-out pay, and terminal-leave pay. Military pay includes the Government's contribution to allowances for dependents of enlisted personnel. Civilian wages and salaries represent net earnings after employee contributions under social insurance and related programs have been deducted; data exclude work relief earnings.

[2] Payments to recipients under 3 special public assistance programs and general assistance. Includes payments for care of children in private foster homes; for 1940–43, includes work relief earnings of persons who were employed by WPA, NYA, and CCC, and value of food and cotton stamps; for 1940–42, includes subsistence grants to farmers.

[3] Includes payments of old-age and survivors insurance, railroad retirement, Federal, State, and local retirement, veterans' pensions and compensation, workmen's compensation, State and railroad unemployment insurance and sickness compensation, and readjustment and subsistence allowances to veterans under the Servicemen's Readjustment Act.

[4] Includes veterans' bonus (Federal and State), payments under the Government life insurance, national service life insurance, and military and naval insurance programs, the Government's contribution to nonprofit organizations, and business transfer payments.

Source: Department of Commerce, Office of Business Economics.

Table 2.—*Estimated pay rolls in employment covered by selected programs[1] in relation to civilian wages and salaries, by specified period, 1938–47*

[Corrected to May 4, 1948]

Period	Wages and salaries[2]: Total	Wages and salaries[2]: Civilian[3]	Pay rolls covered by—: Old-age and survivors insurance[4]	Pay rolls covered by—: State unemployment insurance[5]	Pay rolls covered by—: Railroad retirement, unemployment, and sickness insurance[6]
	Amount (in millions)				
Calendar year:					
1938	$42,812	$42,442	$29,026	$26,200	$2,028
1939	45,745	45,347	32,222	29,069	2,161
1940	49,587	48,996	35,668	32,450	2,273
1941	61,708	59,846	45,463	42,146	2,687
1942	81,681	75,396	58,219	54,796	3,382
1943	105,328	90,850	69,653	66,117	4,085
1944	117,137	96,355	73,349	69,139	4,507
1945	117,537	95,099	71,560	66,643	4,514
1946	111,143	103,133	79,413	73,361	4,866
1947	122,840	118,709	92,950	86,832	5,116
1946					
January–March	25,803	22,832	17,410	16,123	1,140
April–June	26,997	25,033	19,102	17,661	1,206
July–September	27,866	26,201	20,320	18,756	1,267
October–December	30,477	29,067	22,580	20,821	1,253
1947					
January–March	28,916	27,757	21,620	20,108	1,206
April–June	30,084	29,049	22,650	20,748	1,227
July–September	30,441	29,462	23,200	21,677	1,298
October–December	33,399	32,441	25,500	24,299	1,385
	Percent of civilian wages and salaries				
Calendar year:					
1938		100.0	68.4	61.7	4.8
1939		100.0	71.1	64.1	4.8
1940		100.0	72.8	66.2	4.6
1941		100.0	76.0	70.4	4.5
1942		100.0	77.2	72.7	4.5
1943		100.0	76.7	72.8	4.5
1944		100.0	76.1	71.8	4.7
1945		100.0	75.2	70.1	4.7
1946		100.0	77.0	71.1	4.7
1947		100.0	78.3	73.1	4.3
1946					
January–March		100.0	76.3	70.6	5.0
April–June		100.0	76.3	70.6	4.8
July–September		100.0	77.6	71.6	4.8
October–December		100.0	77.7	71.6	4.3
1947					
January–March		100.0	77.9	72.4	4.4
April–June		100.0	78.0	71.4	4.2
July–September		100.0	78.7	73.6	4.4
October–December		100.0	78.6	74.9	4.3

[1] Includes data for Alaska and Hawaii. Pay rolls covered by State unemployment insurance programs in these 2 Territories have ranged from $18 million to $78 million a quarter.

[2] Total represents estimated wages and salaries paid in cash and in kind in continental United States and, in addition, pay of Federal civilian and military personnel in all other areas; civilian wages and salaries include employee contributions to social insurance and related programs.

[3] Quarterly data have been adjusted to correct for distribution of bonus payments.

[4] Taxable wages plus estimated nontaxable wages in excess of $3,000 earned in employment covered by program.

[5] Taxable wages plus nontaxable wages earned in employment covered by program; excludes earnings of railroad workers covered by State laws through June 1939. Data for 1946 and 1947 preliminary.

[6] Taxable wages plus nontaxable wages in excess of $300 a month. Data for 1946 and 1947 preliminary.

Source: Data on wages and salaries from the Office of Business Economics, Department of Commerce; data on pay rolls for selected programs based on reports of administrative agencies.

Table 3.—*Selected social insurance and related programs, by specified period, 1940–48*

[In thousands; data corrected to May 11, 1948]

Year and month	Total	Retirement, disability, and survivor programs											Unemployment insurance programs			
		Monthly retirement and disability benefits [1]				Survivor benefits					Sickness benefits [11]					
						Monthly			Lump-sum [9]							
		Social Security Act [2]	Railroad Retirement Act [3]	Civil Service Commission [4]	Veterans Administration [5]	Social Security Act [6]	Railroad Retirement Act [7]	Veterans Administration [8]	Social Security Act	Other [10]	State laws [12]	Railroad Unemployment Insurance Act [13]	State unemployment insurance laws [12]	Servicemen's Readjustment Act [14]	Railroad Unemployment Insurance Act [13]	Readjustment allowances to self-employed veterans [15]
	Number of beneficiaries															
1947																
March	....	1,003.8	186.3	109.0	2,352.9	735.0	22.1	876.9	16.7	9.7	23.5	......	975.4	1,073.0	75.6	231.0
April	....	1,023.7	188.6	110.5	2,356.1	747.9	28.2	878.8	19.9	10.7	26.5	......	929.8	903.3	69.1	223.6
May	....	1,045.3	191.9	111.6	2,355.6	759.9	32.1	886.8	19.2	9.8	26.9	......	940.3	752.2	48.3	248.6
June	....	1,063.6	194.1	112.6	2,354.3	768.7	37.1	896.8	16.0	11.3	25.8	......	1,006.7	712.9	39.5	257.1
July	....	1,081.5	197.8	114.3	2,351.6	773.8	42.3	907.3	15.6	10.9	25.3	4.5	953.6	751.3	31.1	212.1
August	....	1,098.1	201.0	115.9	2,345.7	778.9	47.5	914.7	14.4	9.6	23.0	18.3	914.6	734.6	34.0	186.1
September	....	1,115.0	203.4	117.6	2,340.6	788.3	51.9	919.4	15.4	10.1	22.2	24.7	779.4	615.1	37.6	142.3
October	....	1,132.5	207.2	119.3	2,337.4	798.2	60.3	925.8	17.5	10.9	22.9	31.2	655.9	427.8	44.3	106.4
November	....	1,147.1	209.9	120.6	2,335.5	805.3	69.8	929.9	13.8	9.2	19.8	26.1	593.4	397.1	33.7	68.0
December	....	1,165.4	211.6	121.9	2,335.2	812.9	78.6	936.7	14.1	11.2	22.5	31.2	621.4	464.6	46.6	72.9
1948																
January	....	1,186.8	212.9	122.5	2,331.8	821.3	84.4	941.0	15.5	10.3	22.2	34.5	800.5	590.9	54.2	59.9
February	....	1,210.0	214.0	123.0	2,328.3	830.8	89.6	944.7	15.3	11.0	20.4	32.5	770.9	639.8	48.7	61.4
March	....	1,236.4	215.3	123.3	2,324.5	843.9	92.1	949.0	22.3	10.6	23.5	35.5	934.9	646.1	54.2	102.0
	Amount of benefits [16]															
1940	$1,188,702	$21,074	$114,166	$62,019	$317,851	$7,784	$1,448	$105,696	$11,736	$12,267	......	......	$518,700	....	$15,961	....
1941	1,085,488	55,141	119,912	64,933	320,561	25,454	1,559	111,799	13,328	13,943	......	......	344,321	....	14,537	....
1942	1,130,721	80,305	122,806	68,115	325,265	41,702	1,603	111,193	15,038	14,342	......	......	344,084	....	6,268	....
1943	921,463	97,257	125,795	72,961	331,350	57,763	1,704	116,133	17,830	17,255	$2,857	......	79,643	....	917	....
1944	1,119,684	119,009	129,707	78,081	456,279	76,942	1,765	144,302	22,146	19,238	5,035	......	62,385	$4,113	582	$102
1945	2,067,434	157,391	137,140	85,742	697,830	104,231	1,772	254,238	26,135	23,431	4,669	......	445,866	114,955	2,359	11,675
1946	5,152,218	230,285	149,188	96,418	1,268,984	130,139	1,817	333,640	27,267	30,610	4,761	......	1,095,475	1,491,294	39,917	252,424
1947	4,698,641	299,830	177,053	108,691	1,676,029	153,109	19,283	382,515	29,517	33,115	22,024	$11,368	776,164	772,368	39,401	198,174
1947																
March	424,233	21,785	13,079	8,874	142,166	11,314	663	32,031	2,533	2,693	1,872	......	71,545	89,100	4,954	21,624
April	415,448	22,238	13,241	8,984	140,691	11,532	840	31,805	3,026	2,967	2,176	......	71,569	78,868	4,299	23,213
May	399,569	22,743	13,482	8,956	140,115	11,736	951	31,505	2,940	2,320	2,167	......	72,295	63,763	3,107	23,489
June	392,179	23,173	13,632	8,896	134,942	11,898	1,075	32,137	2,437	3,085	2,072	......	73,559	58,542	2,490	24,241
July	400,290	23,599	13,891	9,055	136,585	12,000	1,198	31,209	2,402	3,008	2,076	322	76,534	66,239	1,833	20,339
August	384,666	23,995	14,100	9,164	137,346	12,100	1,308	32,578	2,215	2,435	1,878	1,555	66,804	59,521	2,107	17,559
September	363,508	24,395	14,251	9,154	132,717	12,261	1,397	31,948	2,394	2,726	1,799	2,114	59,258	53,336	2,352	13,406
October	350,664	24,815	14,488	9,358	141,603	12,431	1,589	32,277	2,731	2,975	1,854	2,794	52,795	38,153	2,832	9,967
November	326,197	25,157	14,653	9,469	143,213	12,555	1,831	31,135	2,132	2,464	1,612	2,315	41,677	29,554	2,121	6,309
December	354,697	25,585	14,758	9,395	146,655	12,692	2,040	31,824	2,202	2,833	1,824	2,870	52,202	40,209	2,977	6,631
1948																
January	375,524	26,092	14,840	9,479	p149,254	12,842	2,170	p34,148	2,444	2,463	1,814	3,123	59,161	48,933	3,370	5,391
February	367,995	26,658	14,910	9,522	p140,388	13,016	2,283	p32,356	2,436	3,181	1,773	2,728	60,730	49,466	2,867	5,681
March	406,133	27,286	14,998	9,342	p147,585	13,252	2,340	p34,105	3,541	2,885	p2,244	3,219	76,573	55,782	3,462	9,519

p Preliminary.

1 Old-age retirement benefits under all acts, disability retirement benefits under the Railroad Retirement and the Civil Service Retirement Acts, and disability payments to veterans.

2 Primary and wife's benefits and benefits to children of primary beneficiaries. Partly estimated.

3 Age and disability annuitants and pensioners in current-payment status at end of month, and amounts certified, minus cancellations, during year.

4 Retirement and disability benefits include survivor benefits under joint and survivor elections. Payments principally from civil-service retirement and disability fund but also from Canal Zone and Alaska Railroad retirement and disability funds administered by the Civil Service Commission. Monthly retirement payments include accrued annuities to date of death paid to survivors. Refunds to employees leaving the service are not included but are summarized in the February and August issues of the *Bulletin*.

5 Veterans' pensions and compensation.

6 Widow's, widow's current, parent's, and child's benefits. Partly estimated.

7 Annuities to widows under joint and survivor elections, 12-month death-benefit annuities to widows and next of kin, and, beginning February 1947, widow's, widow's current, parent's, and child's benefits in current-payment status.

8 Payments to widows, parents, and children of deceased veterans.

9 Number of decedents on whose account lump-sum payments were made, and amount certified for payment.

10 Payments under the Railroad Retirement Act and Federal civil-service and veterans' programs. Partly estimated. Annual data are shown separately for these 3 programs in the August *Bulletin* each year.

Source: Based on reports of administrative agencies.

11 Compensation for temporary disability payable in Rhode Island beginning April 1943, in California beginning December 1946, and under the Railroad Unemployment Insurance Act beginning July 1947; includes maternity benefits in Rhode Island and under the Railroad Unemployment Insurance Act; excludes benefits under private plans in California.

12 Before January 1948, number represents average weekly number of beneficiaries; beginning January 1948, number represents number during week ended nearest 15th of month. Annual amounts adjusted for voided benefit checks; monthly amounts not adjusted. Beginning July 1947, State unemployment insurance data include reconversion unemployment benefits for seamen.

13 Number represents average number of persons receiving benefits in a 14-day registration period. Annual amounts adjusted for underpayments and recoveries of overpayments; monthly figures not adjusted.

14 Readjustment allowances to unemployed veterans only. Before January 1948, number represents average weekly number of continued claims during weeks ended in the month; beginning January 1948, number represents number of continued claims during week ended nearest 15th of month.

15 Number and amount of claims paid during month under the Servicemen's Readjustment Act.

16 Payments to individuals: annual and lump-sum payments (amounts certified, including retroactive payments) and monthly payments in current-payment status, under the Social Security and the Railroad Retirement Acts; amounts certified under the Railroad Unemployment Insurance Act; disbursements minus cancellations, under the Civil Service Commission and the Veterans Administration programs; checks issued by State agencies, under State unemployment insurance and State sickness compensation programs and under the Servicemen's Readjustment Act.

covered by the old-age and survivors insurance program; $13.5 billion of the $15.5 billion increase in civilian pay rolls occurred in covered pay rolls. Thus, in 1947, wages and salaries paid in covered employments represented over 78 percent of all civilian pay rolls as compared with 77 percent a year earlier.

Under the State unemployment insurance laws the increase in covered pay rolls was only slightly less than that under the old-age and survivors insurance program, indicating a decline for the year in the relative importance of small-firm wage payments. Wages in employment covered by the State programs represented 73 percent of all civilian wages in 1947 and 71 percent in 1946.

Pay rolls under the railroad retirement, unemployment, and sickness insurance programs increased in 1947 but at a slower rate than did total wages. Wages paid in the railroad industry accounted for only 4.3 percent of all civilian wages, the lowest percentage in the last 10 years.

Social Insurance and Related Payments

Payments under the selected social insurance and related programs in March, $406 million, were 10 percent above the February levels (table 3). Although payments under all programs were up, the increases in benefits under the unemployment insurance programs and under the veterans' programs were the chief contributing factors in the over-all increase.

The rise of $16 million in benefits under the State unemployment insurance laws brought the total to a level well in excess of that a year earlier. The fact that total payments under this program were larger this March than last, although the number of beneficiaries dropped from 975,000 to 935,000, is attributable to several factors—higher average wages, liberalization of the benefit formula in some States, and a shift in the composition of the beneficiary load which now includes fewer women than a year ago. Payments and beneficiaries under the Servicemen's Readjustment Act and under the railroad unemployment insurance program were considerably below last year's levels.

The number of beneficiaries receiving monthly retirement and survivor benefits under the old-age and survivors insurance and veterans' programs continued to rise, reaching 2.1 million beneficiaries under the former and 3.3 million under the latter program. Payments under these two programs accounted in March for 55 percent of total disbursements under the selected programs.

State Accounts in the Unemployment Trust Fund in 1947

In 1947, civilian employment reached all-time high levels, and the unemployment trust fund, always sensitive to economic and industrial changes, reflected this favorable condition in its operations. The States

Table 4.—*State accounts and railroad account in the Federal unemployment trust fund, 1945–47* [1]

[Amounts in thousands]

Accounts	Operations, 1947			Balance, December 31			Percentage change	
	Deposits	Interest	Withdrawals	1947	1946	1945	1946 to 1947	1945 to 1947
Total	$1, 233, 377	$155, 771	$838, 883	$8, 185, 369	$7, 635, 104	$7, 572, 989	+7. 2	+8. 1
State accounts, total	1, 097, 140	138, 953	784, 883	7, 276, 690	6, 825, 480	6, 865, 939	+6. 6	+6. 0
Alabama	8, 539	1, 118	8, 175	57, 559	56, 077	63, 210	+2. 6	−8. 9
Alaska	2, 046	194	600	10, 877	9, 238	8, 393	+17. 7	+29. 6
Arizona	3, 846	464	1, 170	24, 927	21, 786	19, 652	+14. 4	+26. 8
Arkansas	5, 254	660	3, 345	34, 575	32, 006	30, 314	+8. 0	+14. 1
California	126, 760	14, 042	130, 000	724, 473	713, 671	733, 595	+1. 5	−1. 2
Colorado	6, 156	858	965	46, 415	40, 366	35, 918	+15. 0	+29. 2
Connecticut	20, 624	3, 780	10, 400	195, 267	181, 262	171, 071	+7. 7	+14. 1
Delaware	1, 165	275	1, 000	14, 223	13, 783	14, 225	+3. 2	0
District of Columbia	2, 315	884	2, 780	44, 991	44, 572	43, 662	+. 9	+3. 0
Florida	11, 628	1, 358	6, 660	70, 775	64, 409	57, 980	+9. 9	+22. 1
Georgia	12, 590	1, 808	6, 550	94, 545	86, 697	79, 471	+9. 1	+19. 0
Hawaii	2, 141	416	475	22, 156	20, 074	18, 352	+10. 4	+20. 7
Idaho	3, 710	386	950	21, 136	17, 990	15, 335	+17. 5	+37. 8
Illinois	48, 224	9, 622	46, 500	493, 810	482, 464	506, 242	+2. 4	−2. 5
Indiana	12, 745	3, 610	7, 150	186, 958	177, 754	179, 929	+5. 2	+3. 9
Iowa	9, 649	1, 414	2, 200	76, 540	67, 676	63, 030	+13. 1	+21. 4
Kansas	6, 535	1, 063	3, 250	56, 092	51, 744	53, 345	+8. 4	+5. 1
Kentucky	12, 775	1, 934	4, 551	102, 848	92, 690	86, 950	+11. 0	+18. 3
Louisiana	12, 073	1, 642	6, 150	87, 282	79. 716	80, 972	+9. 5	+7. 8
Maine	6, 447	780	4, 415	41, 027	38, 215	37, 004	+7. 4	+10. 9
Maryland	14, 190	2, 326	10, 500	120, 773	114, 756	125, 782	+5. 2	−4. 0
Massachusetts	33, 020	3, 681	53, 200	180, 402	196, 900	211, 389	−8. 4	−14. 7
Michigan	59, 682	4, 428	30, 500	242, 457	208, 847	241, 551	+16. 1	+. 4
Minnesota	15, 210	2, 104	4, 150	112, 847	99, 683	93, 514	+13. 2	+20. 7
Mississippi	7, 855	702	1, 990	38, 684	32, 118	26, 705	+20. 4	+44. 9
Missouri	21, 478	3, 185	16, 700	166, 190	158, 227	159, 245	+5. 0	+4. 4
Montana	3, 740	477	950	25, 689	22, 423	19, 220	+14. 6	+33. 7
Nebraska	4, 078	578	1, 120	31, 152	27, 617	26, 585	+12. 8	+17. 2
Nevada	1, 660	242	925	12, 663	11, 686	10, 511	+8. 4	+20. 5
New Hampshire	3, 633	518	2, 831	26, 760	25, 440	22, 529	+5. 2	+18. 8
New Jersey	86, 892	8, 987	55, 175	476, 086	435, 381	436, 918	+9. 3	+9. 0
New Mexico	3, 100	282	385	15, 761	12, 764	10, 521	+23. 5	+49. 8
New York	244, 156	19, 922	175, 200	1, 063, 768	974, 890	983, 090	+9. 1	+8. 2
North Carolina	17, 270	2, 551	5, 850	135, 548	121, 577	108, 181	+11. 5	+25. 3
North Dakota	1, 151	125	250	6, 920	5, 894	5, 293	+17. 4	+30. 7
Ohio	47, 725	10, 122	19, 150	527, 948	489, 251	476, 604	+7. 9	+10. 8
Oklahoma	5, 990	799	5, 000	41, 634	39, 845	45, 552	+4. 5	−8. 6
Oregon	13, 378	1, 440	7, 850	76, 297	69, 329	74, 039	+10. 1	+3. 0
Pennsylvania	66, 430	11. 784	56, 900	607, 418	586, 105	605, 321	+3. 6	+. 3
Rhode Island	12, 300	1, 429	24, 700	66, 065	77, 037	73, 274	−14. 2	−9. 8
South Carolina	6, 847	913	2, 600	48, 601	43, 441	39, 443	+11. 9	+23. 2
South Dakota	962	151	105	8, 131	7, 123	6, 535	+14. 2	+24. 4
Tennessee	15, 326	1, 899	11, 040	98, 727	92, 543	87, 674	+6. 7	+12. 6
Texas	21, 041	3, 304	7, 675	175, 965	159, 294	154, 689	+10. 5	+13. 8
Utah	5, 660	607	2, 495	32, 327	28, 555	26, 828	+13. 2	+20. 5
Vermont	2, 155	292	1, 050	15, 385	13, 988	12, 603	+10. 0	+22. 1
Virginia	11, 290	1, 476	4, 225	79, 232	70, 692	65, 752	+12. 1	+20. 5
Washington	27, 055	2, 719	25, 470	141, 128	136, 824	154, 464	+3. 1	−8. 6
West Virginia	11, 872	1, 466	5, 950	78, 378	70, 990	70, 764	+10. 4	+10. 8
Wisconsin	15, 496	3, 939	3, 375	206, 805	190, 744	184, 451	+8. 4	+12. 1
Wyoming	1, 278	196	325	10, 473	9, 324	8, 258	+12. 3	+26. 8
Railroad unemployment insurance account	136, 237	16, 818	54, 000	908, 679	809, 623	707. 050	+12. 2	+28. 5

[1] Includes deposits not cleared by the Treasurer of the United States, withdrawals in outstanding checks, and accrued interest receivable. Therefore, figures differ from those in table 8, which do not include these items

Source: Treasury Department, Bureau of Accounts.

deposited $1,097 million in their accounts and withdrew $785 million for unemployment benefits (table 4). In 1946 the corresponding amounts were $915 million and $1,085 million. Total deposits by all States in 1947 exceeded their combined withdrawals by $312 million, and the interest earned on the fund's holdings of Government securities further increased the excess of income over outgo to $451 million.

The $300 million decline in withdrawals for benefit payments, with the larger collections in 1947, more than offset the drain on the States' funds that resulted from reconversion unemployment in 1946. The balance of all State accounts in the unemployment trust fund on December 31, 1947, was 6 percent higher than the balance 2 years earlier. By the beginning of 1947 the technical reconversion of war industries was virtually completed and the labor force had become more stable. The decline in the total funds in the 51 State accounts had been halted even before the end of 1946; by the end of 1947 the balance reached a record high of $7.3 billion.

Table 5.—*Ratio of employer contributions, benefits, and funds available to taxable wages,*[1] *1947*

State	Ratio (percent) to taxable wages of—		
	Employer contributions	Benefits	Funds available at end of year
Total	1.4	1.1	9.9
Alabama	1.0	1.0	6.9
Alaska	2.1	.7	13.9
Arizona	1.6	.5	10.8
Arkansas	1.5	.9	10.1
California	2.0	2.1	11.8
Colorado	1.4	.2	11.3
Connecticut	1.0	.7	12.6
Delaware	.6	.5	7.4
District of Columbia	.4	.6	10.1
Florida	1.2	.9	9.5
Georgia	1.2	.7	10.3
Hawaii	1.0	.2	10.0
Idaho	2.0	.5	11.3
Illinois	.8	.8	8.6
Indiana	.5	.3	8.8
Iowa	1.4	.3	11.1
Kansas	1.2	.7	11.6
Kentucky	1.5	.6	14.2
Louisiana	1.4	.8	10.8
Maine	1.6	1.2	11.5
Maryland	1.2	.9	10.5
Massachusetts	1.1	1.7	5.8
Michigan	1.6	.8	5.7
Minnesota	1.3	.4	10.0
Mississippi	2.7	.7	13.3
Missouri	1.3	1.1	10.4
Montana	1.8	.5	13.4
Nebraska	1.3	.4	10.1
Nevada	1.6	.9	12.7
New Hampshire	1.3	1.0	10.1
New Jersey	1.8	1.8	15.2
New Mexico	1.8	.2	9.5
New York	2.1	1.7	10.2
North Carolina	1.5	.5	12.0
North Dakota	1.4	.4	9.4
Ohio	.8	.4	10.2
Oklahoma	1.0	1.1	7.9
Oregon	1.8	1.0	10.1
Pennsylvania	1.0	.9	9.1
Rhode Island	2.1	1.9	13.2
South Carolina	1.2	.5	9.1
South Dakota	1.0	.2	8.9
Tennessee	1.6	1.2	10.7
Texas	.9	.3	7.9
Utah	1.9	1.0	12.9
Vermont	1.6	.8	11.7
Virginia	1.2	.4	8.4
Washington	1.9	2.1	11.5
West Virginia	1.3	.7	8.6
Wisconsin	.9	.2	12.5
Wyoming	1.0	.3	9.4

[1] Preliminary. Taxable wages represent wages not in excess of $3,000 paid by an employer to an employee during 1947.

Source: *Employment Security Activities,* March 1948, p. 20.

All but two States—Massachusetts and Rhode Island—had a larger balance in the unemployment trust fund at the end of 1947 than they had a year earlier. The decline in Massachusetts reflected the textile-mill and leather-plant shut-downs in the spring and early summer of 1947. The Rhode Island balance showed a decline only because $15 million was withdrawn to finance the State's temporary disability insurance program. Changes in the accounts of other States ranged from a slight increase of 0.9 percent for the District of Columbia and 1.5 percent for California to 23.5 percent for New Mexico and 20.4 percent for Mississippi. In only 12 States was the percentage increase less than the national average of 6.6 percent. Included in this group of 12 were all but two (Massachusetts and Rhode Island) of the 10 States whose balances at the end of 1947 were below the December 1945 level. Roughly half the States showed increases from 1946 to 1947 in balances of 10 percent or less. With the exception of Michigan, which registered a very substantial rise of 16 percent in reserves (more than offsetting the 13.5-percent decline during 1946), all 17 States whose balances declined in 1946 fell in the group whose reserves showed an increase of 10 percent or less in 1947.

The rate of accumulation of State reserves depends on the relation of the tax rate to the benefit rate, that is, to the ratio of benefit payments to taxable pay roll. Differences in these rates reflect in turn the provisions of State laws, the industrial characteristics of the State, and the level of employment during the year. Average tax rates and benefit rates in the 51 States showed no consistent relationship in 1947. In seven States the employer contribution rate was four or more times the benefit rate. In 11 the tax rate was roughly triple the benefit rate, and in 14 it was about double. In 14 States the two rates were about the same, and in five the tax rate was from 4–35 percent lower.

The estimated average tax rate for the Nation in 1947 was 1.4 percent of taxable wages, about the same as in 1946, while benefits were disbursed at a rate of 1.1 percent of taxable wages (table 5). The average employer contribution rate in 1947 varied from 0.4 percent in the District of Columbia to 2.7 percent in Mississippi. The ratio of benefits to taxable wages varied from 0.2 percent in Colorado, Hawaii, New Mexico, South Dakota, and Wisconsin to 2.1 percent in California and Washington, where the labor force was still in process of adjusting itself to changing postwar conditions and turn-over continued high. Were it not for the relatively high average tax rates in these west coast States (2.0 and 1.9 percent, respectively), both balances would have declined during 1947. Only 14 States paid benefits equal to 1.0 percent or more of taxable pay rolls. An equal number of States paid out benefits at a rate below 0.5 percent. The decline from 1946 to 1947 in the national benefit rate (from 1.7 to 1.1 percent) was reflected in all but 15 States. The ratio of benefits to taxable pay rolls was about the same in 1947 as in 1946 in seven States, and higher in eight States.

In addition to deposits from tax collections, each State account was increased by its share of the interest earned by the unemployment trust fund. The interest earned in 1947, distributed quarterly among all the accounts on the basis of the average daily balance in each account, amounted to 2.04 percent of the balance in all State accounts on December 31, 1946. The amounts earned varied from $125,000 for North Dakota's small account to $20 million for New York's account. Thirty-four States earned less than $2 million, and six earned more than $5 million. In California and the District of Colum-

bia the interest earned was enough to more than offset the excess of benefit payments over collections.

The payment of interest on the average daily balances in the trust fund is a strong inducement for a State to deposit a high proportion of collections promptly and to make withdrawals only as needed for benefit payments. All contributions collected by a State, including penalties and interest on delinquent collections, are first deposited in the State clearing account, from which, except for a relatively small amount kept on hand for making tax refunds or other minor adjustments, they are transferred to the State's account in the unemployment trust fund. The largest deposits generally are made in the second month of each quarter; in most States, contributions are payable on a quarterly basis and are due 30 days after the end of each quarter. The large industrial States generally make deposits more frequently than the small ones. California, Illinois, Iowa, Massachusetts, Michigan, New Jersey, New York, and Wisconsin each averaged 15 or more deposits a month during 1947, while Alaska, Montana, and Vermont averaged less than two a month.

The total amount of funds from which a State may make benefit payments is the sum of the amount in its clearing account, the balance in its account in the unemployment trust fund, and the funds in its benefit-payment account. The States withdraw amounts from their accounts in the unemployment trust fund, usually in rounded thousands of dollars, for deposit in their benefit-payment accounts, from which they pay out insurance benefits to unemployed persons. The Secretary of the Treasury maintains an uninvested portion of the trust fund to meet State requisitions for withdrawals. If requests for withdrawals exceed the amount of cash in the trust account, some of the securities held by the fund are liquidated. The withdrawals from the unemployment trust fund vary in amount and frequency, but in general they are fewer in number than the deposits in the fund. Except for New York, which made 21 withdrawals a month in 1947 as compared with 19 deposits, the other seven States that

Table 6.—*Contributions and taxes under selected social insurance and related programs, by specified period, 1945–48*

[In thousands]

Period	Retirement, disability, and survivors insurance			Unemployment insurance		
	Federal insurance contributions [1]	Federal civil-service contributions [2]	Taxes on carriers and their employees	State unemployment contributions [3]	Federal unemployment taxes [4]	Railroad unemployment insurance contributions
Fiscal year:						
1945–46	$1, 238, 218	$528, 049	$282, 610	$1, 009, 091	$179, 930	$129, 126
1946–47	1, 459, 492	481, 448	380, 057	1, 001, 504	184, 823	141, 750
9 months ended:						
March 1946	901, 887	461, 436	210, 729	761, 253	164, 302	97, 616
March 1947	1, 042, 155	414, 687	253, 252	693, 059	168, 005	107, 431
March 1948	1, 149, 247	418, 723	415, 992	656, 711	190, 400	108, 384
1947						
March	25, 377	20, 653	76, 784	6, 286	12, 044	34, 175
April	69, 005	23, 936	2, 608	110, 021	3, 548	351
May	340, 382	19, 761	12, 185	191, 462	11, 924	1, 481
June	7, 950	23, 064	112, 011	7, 584	1, 347	32, 487
July	72, 390	16, 422	5, 997	117, 366	2, 054	104
August	329, 258	[5] 266, 514	13, 018	171, 248	9, 409	1, 776
September	13, 861	18, 951	116, 289	6, 225	2, 790	29, 115
October	65, 592	20, 267	4, 214	107, 752	561	3, 667
November	310, 496	18, 786	8, 573	152, 680	9, 822	1, 309
December	14, 078	20, 142	126, 245	7, 479	1, 498	34, 767
1948						
January	35, 496	20, 084	2, 539	77, 515	12, 906	33
February	277, 662	18, 579	6, 499	109, 583	138, 448	1, 212
March	30, 415	18, 978	132, 618	6, 864	12, 912	36, 401

[1] Represents contributions of employees and employers in employments covered by old-age and survivors insurance.

[2] Represents employee and Government contributions to the civil-service, Canal Zone, and Alaska Railroad retirement and disability funds; in recent years Government contributions are made in 1 month for the entire fiscal year.

[3] Represents deposits in State clearing accounts of contributions plus penalties and interest collected from employers and, through April 1946, contributions from employees in 4 States; employee contributions beginning May 21, 1946, in California and beginning July 1, 1946, in Rhode Island, are deposited in the respective State sickness insurance funds. Data reported by State agencies; corrected to Apr. 10, 1948.

[4] Represents taxes paid by employers under the Federal Unemployment Tax Act.

[5] Represents August contributions of $19.6 million from employees, and contributions for fiscal year 1947–48 of $245.4 million from the Federal Government and $1.5 million from the District of Columbia for certain District Government employees.

Source: *Daily Statement of the U. S. Treasury*, unless otherwise noted.

Table 7.—*Federal appropriations and expenditures under Social Security Administration programs, by specified period, 1946–48*

[In thousands]

Item	Fiscal year 1946–47		Fiscal year 1947–48	
	Appropriations [1]	Expenditures through March 1947 [2]	Appropriations [1]	Expenditures through March 1948 [2]
Total	$1,180,088	$872, 239	$1,404,288	$1, 038, 779
Administrative expenses	38, 733	37, 029	42, 476	40, 671
Federal Security Agency, Social Security Administration [3]	38, 583	28, 267	42, 376	31, 560
Department of Commerce, Bureau of the Census	150	111	100	67
Department of the Treasury [4]	([5])	8, 651	([5])	9, 044
Grants to States	715, 773	526, 091	816, 612	624, 626
Unemployment insurance administration	58, 109	49, 757	65, 612	48, 270
Old-age assistance		365, 540		435, 958
Aid to the blind	619, 000	10, 803	726, 000	12, 848
Aid to dependent children		78, 445		108, 103
Maternal and child health services	[6] 11, 000	6, 088	11, 000	8, 430
Services for crippled children	[6] 7, 500	4, 556	7, 500	5, 985
Child welfare services	[6] 3, 500	1, 471	3, 500	3, 075
Emergency maternity and infant care	16, 664	9, 431	3, 000	1, 957
Benefit payments, old-age and survivors insurance	[7] 425, 582	[7] 309, 119	[8] 543, 000	[7] 373, 482
Reconversion unemployment benefits for seamen			2, 200	([9])

[1] Excludes unexpended balance of appropriations for preceding fiscal year.

[2] Includes expenditures from unexpended balance of appropriations for preceding fiscal year.

[3] Appropriations and expenditures for salaries and allotments, and expenditures for printing and binding, penalty mail, and traveling expenses.

[4] Amounts expended by the Treasury in administering title II of the Social Security Act and the Federal Insurance Contributions Act, reimbursed from old-age and survivors insurance trust fund to general fund of the Treasury.

[5] Not available because not separated from appropriations for other purposes.

[6] Maximum grants authorized by the Social Security Act Amendments of 1946; actual appropriations were $12,705,000, $8,467,500, and $4,127,500.

[7] Actual payments from old-age and survivors insurance trust fund.

[8] Estimated expenditures as shown in 1947–48 budget.

[9] Not available.

Source: Federal appropriation acts and 1947–48 budget (appropriations); *Daily Statement of the U. S. Treasury* and reports from administrative agencies (expenditures).

made 15 or more deposits a month averaged slightly fewer than five withdrawals a month. In general, the States with infrequent deposits withdrew funds at least as often as they deposited them.

At the end of 1947 the total funds available in all State accounts combined amounted to 9.9 percent of 1947

Table 8.—*Status of the unemployment trust fund, by specified period, 1936–48*

[In thousands]

Period	Total assets at end of period	Net total of U. S. Government securities acquired [1]	Unexpended balance at end of period	State accounts: Deposits	State accounts: Interest credited	State accounts: Withdrawals [2]	State accounts: Balance at end of period	Railroad unemployment insurance account: Deposits	Railroad unemployment insurance account: Interest credited	Railroad unemployment insurance account: Benefit payments	Railroad unemployment insurance account: Balance at end of period [2 3]
Cumulative, January 1936–March 1948	$8,216,724	$8,190,424	$26,299	$11,312,748	$805,202	[4] $4,832,911	$7,285,095	$843,808	$72,095	$157,893	$931,631
Fiscal year:											
1945–46	7,449,120	101,827	40,120	1,009,909	130,373	1,128,720	6,690,672	116,214	13,220	17,197	758,448
1946–47	7,869,044	443,000	17,044	1,005,273	131,419	817,817	7,009,547	127,576	15,469	51,657	859,498
9 months ended:											
March 1946	7,425,962	71,010	47,779	761,783	69,174	818,166	6,691,900	87,855	6,807	6,716	734,062
March 1947	7,683,489	245,000	29,489	695,727	68,379	604,349	6,850,429	96,688	7,917	39,596	833,060
March 1948	8,216,724	338,424	26,299	757,221	75,928	557,602	7,285,095	97,546	9,357	44,421	931,631
1947											
March	7,683,489	−25,000	29,489	14,964	3,449	74,950	6,850,429	30,758	401	5,342	833,060
April	7,650,124	−25,000	21,124	42,575	212	71,141	6,822,075	317	25	5,353	828,049
May	7,831,181	175,000	27,181	249,282	....	65,811	7,005,546	1,332	....	3,803	825,635
June	7,869,044	48,000	17,044	17,690	62,827	76,516	7,009,547	29,239	7,528	2,904	859,498
July	7,823,505	−55,000	26,505	39,070	22	91,897	6,956,742	94	3	2,481	866,764
August	7,993,421	167,000	29,421	243,149	....	71,187	7,128,704	1,623	....	3,670	864,717
September	7,971,852	−10,000	17,852	12,785	3,448	59,598	7,085,339	26,179	413	4,795	886,514
October	7,953,852	−15,000	14,852	37,897	174	53,708	7,069,702	3,301	21	5,685	884,150
November	8,121,991	159,326	23,665	212,268	....	40,966	7,241,004	1,178	....	4,341	880,987
December	8,124,162	4,161	21,675	16,363	4,780	45,248	7,216,899	31,290	586	5,600	907,263
1948											
January	8,158,110	30,000	25,623	27,678	63,903	59,653	7,248,827	30	7,889	5,898	909,284
February	8,248,926	93,000	23,439	154,039	....	58,918	7,343,948	1,091	....	5,395	904,980
March	8,216,724	−35,063	26,299	13,973	3,601	76,427	7,285,095	32,761	445	6,555	931,631

[1] Includes accrued interest; minus figures represent net total of securities redeemed.

[2] Includes transfers from State accounts to railroad unemployment insurance account amounting to $107,161,000.

[3] Includes transfers from railroad unemployment insurance administration fund amounting to $66,514,000.

[4] Includes withdrawals of $15,200,000 for disability insurance benefits.

Source: *Daily Statement of the U. S. Treasury.*

Table 9.—*Status of the old-age and survivors insurance trust fund, by specified period, 1937–48*

[In thousands]

Period	Receipts: Transfers and appropriations to trust fund [1]	Receipts: Interest received	Expenditures: Benefit payments	Expenditures: Administrative expenses	Assets: Net total of U. S. Government securities acquired [2]	Assets: Cash with disbursing officer at end of period	Assets: Credit of fund account at end of period	Assets: Total assets at end of period
Cumulative, January 1937–March 1948	$10,869,329	$931,784	$1,903,060	$266,028	$9,529,865	$91,169	$10,991	$9,632,025
Fiscal year:								
1945–46	1,238,218	147,766	320,510	37,427	1,002,453	40,167	43,527	7,641,428
1946–47	1,459,867	163,466	425,582	40,788	1,193,600	48,751	7,305	8,798,390
9 months ended:								
March 1946	901,887	41,325	228,898	25,869	678,143	46,509	30,893	7,301,825
March 1947	1,042,155	63,446	309,119	30,104	770,000	48,306	40,766	8,407,806
March 1948	1,149,947	92,040	373,482	34,870	787,531	91,169	10,901	9,632,025
1947								
March	25,377	9,242	37,138	3,927	240,000	48,306	40,766	8,407,806
April	69,005	....	38,817	3,767	....	46,880	68,612	8,434,226
May	340,382	....	38,651	3,327	....	53,322	360,574	8,732,630
June	8,325	100,020	38,995	3,590	423,600	48,751	7,305	8,798,390
July	72,390	64	39,314	3,854	−42,000	54,930	72,412	8,827,676
August	329,958	....	39,206	3,361	....	55,927	358,806	9,115,066
September	13,861	9,242	39,874	3,550	300,000	66,736	27,676	9,094,746
October	65,592	....	41,662	4,470	....	65,150	48,722	9,114,206
November	310,496	....	40,933	3,492	134,043	163,344	82,556	9,380,278
December	14,078	11,954	41,865	4,301	134,103	73,754	17,909	9,360,144
1948								
January	35,496	60,775	37,747	3,714	....	78,257	68,217	9,414,954
February	277,662	....	47,418	3,732	106,645	163,443	52,898	9,641,466
March	30,415	10,006	45,464	4,397	104,740	91,169	10,991	9,632,025

[1] Beginning July 1940, trust fund appropriations equal taxes collected under the Federal Insurance Contributions Act; the Second Deficiency Appropriation Act, 1947, made available an additional $375,000 for salaries of the Bureau of Old-Age and Survivors Insurance, and the Labor-Federal Security Appropriation Act, 1948, appropriated from the general fund of the Treasury $700,000 to meet the additional administrative costs of benefits payable to survivors of certain World War II veterans as defined in title II of the Social Security Act Amendments of 1946.

[2] Includes accrued interest; minus figures represent net total of securities redeemed.

Source: *Daily Statement of the U. S. Treasury.*

taxable pay rolls. This ratio was lower than the 1946 ratio of 11 percent because taxable wages increased at a faster rate than State reserves. The State reserve ratios varied from 5.7 percent to 15.2 percent for 1947. In all, reserves in 34 States equaled at least 10 percent of taxable pay rolls. Michigan and Massachusetts, with the lowest reserve ratios of 5.7 percent and 5.8 percent, respectively, had enough to finance benefits at their 1947 rate for about 7 and 3½ years, respectively, even if collections were halted completely. New Jersey had the highest reserve ratio—15.2 percent—at the end of 1947, and Kentucky was next with 14.2 percent.

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FRANCIS, BION H. *What Will Social Security Mean to You?* 8th ed. Cambridge, Mass.: American Institute for Economic Research, 1947. 88 pp. $1.

Considers this question under such headings as Social Security and Your Insurance and Retirement Plans, Unemployment Insurance, Public Health and Assistance, and The Future of the Social Security Act.

HOWARD, DONALD S. "New Horizons for Social Work." *The Compass,* New York, Vol. 28, Nov. 1947, pp. 9-13 f. $1 per year.

Projects into the future several trends in social work.

LABOR RESEARCH ASSOCIATION. *Labor Fact Book 8.* New York: International Publishers Co., Inc., 1947. 208 pp. $1.90.

Considers the guaranteed annual wage; employment, unemployment, and the labor force; social security development; and health needs and the national health bill. Devotes one chapter to the Negro.

MANNIO, NIILO A. "Recent Social Developments in Finland." *International Labour Review,* Geneva, Vol. 57, Jan.-Feb. 1948, pp. 1-14. 50 cents.

MAXWELL, J. A. *Recent Developments in Dominion-Provincial Fiscal Relations in Canada.* New York: National Bureau of Economic Research, Inc., Mar. 1948. 56 pp. 50 cents.

Includes a detailed explanation of Dominion proposals for social security.

MILLETT, JOHN D. *The Process and Organization of Government Planning.* New York: Columbia University Press, 1947. 187 pp. $2.50.

Urges that planning be recognized as a vital element in administration.

NATIONAL CONFERENCE OF SOCIAL WORK. *Proceedings . . . Selected Papers Seventy-Fourth Annual Meeting, San Francisco, California, April 13-19, 1947.* New York: Published for the National Conference of Social Work by Columbia University Press, 1948. 512 pp. $5.

Among the 48 papers selected for publication those most closely related to the social security program are Science and Social Work, by Arlien Johnson; The Challenge and Promise of Federal Reorganization, by George E. Bigge; Social Insurance and Public Assistance in the Long Future, by Oscar M. Powell; The Changing Role of Public Assistance, by Donald S. Howard; Adequate Public Social Service for Migrants, by Jane M. Hoey; Responsibilities in Placement of Children, by Janice Bowen; The Responsibility of Juvenile Court and Public Agency in Child Welfare, by Alice Scott Nutt; A Constructive Program for the Aged, by Rose J. McHugh; Casework Services in Public Welfare, by Helen Harris Perlman; and Problems of Europe and Their Challenge, by Fred K. Hoehler. Other papers consider such subjects as national mental health, delinquency, social group work and recreation, and education for social work.

RESEARCH COUNCIL FOR ECONOMIC SECURITY. *A Cabinet Department of Health, Education, and Security.* Chicago: The Council, 1948(?). 15 pp. (Publication No. 52.)

Includes a description of State and Federal relationships in the fields of health, education, and security.

ROSENTHAL, ROBERT J. "Social Assistance or Social Security." *Labor and Nation,* New York, Vol. 4, Mar.-Apr. 1948, p. 25 f.

Considers social security benefits based on need versus payment of such benefits to all regardless of need.

"Socialpolitikken i Danmark 1939-1945 Belyst ved Udviklingen i den Sociale Udgifter i Finansaarene 1938-39—1945-46." *Socialt Tidsskrift,* Copenhagen, Vol. 23, Dec. 1947, part A, pp. 252-309. 15 kr. a year.

A detailed report on social welfare developments in Denmark, 1939-45, prepared by the Labor and Social Departments.

UNITED NATIONS. DEPARTMENT OF PUBLIC INFORMATION. *Yearbook of the United Nations, 1946-1947.* Lake Success, N. Y.: The Department, 1947. 991 pp. $10. (United Nations Publications, Sales No.: 1947, 1. 18.)

A report on the operations of the United Nations from its inception to July 1, 1947, describing the work of each of its major organs—the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council, the International Court of Justice, etc. Special chapters describe the Dumbarton Oaks, Yalta, and San Francisco Conferences. Also carries the Charter of the United Nations and the Statute of the International Court of Justice, a chronology of events, a bibliography, and a list of Who's Who in the United Nations.

U. S. BUREAU OF THE CENSUS. *Forecasts of the Population of the United States, 1945-1975.* Washington: U. S. Govt. Print. Off., 1947. 113 pp. 45 cents.

Revision of an earlier report, *Estimates of Future Population of the United States, 1940-2000,* published in August 1943.

U. S. CONGRESS. HOUSE. WAYS AND MEANS COMMITTEE. *Maintaining the Status Quo in Respect of Certain Employment Taxes and Social-Security Benefits Pending Action by Congress on Extended Social-Security Coverage.* Washington: U. S.

*The inclusion of prices of publications in this list is intended as a service to the reader, but orders must be directed to publishers or booksellers and not to the Social Security Administration or the Federal Security Agency. Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.

Govt. Print. Off., 1948. 20 pp. (80th Cong., 2d sess., H. Rept. 1319.)

Retirement and Old Age

The New Czechoslovak Miners' Pensions Insurance. Prague: Orbis, Aug. 1947. 30 pp.

"Survivor Benefits: Crediting Social Security Earnings." *Monthly Review* (Railroad Retirement Board), Chicago, Vol. 9, Apr. 1948, pp. 72–74 f.

Stresses the importance of the coordination of railroad and social security earnings in the payment of survivor benefits, pointing out that at present more than 25 percent of the survivor benefits awarded by the Railroad Retirement Board are based in part on social security earnings.

"Voluntary Old-Age Insurance in Palestine." *International Labour Review,* Geneva, Vol. 57, Jan.–Feb. 1948, pp. 88–91. 50 cents.

Employment Security

IOWA. EMPLOYMENT SECURITY COMMISSION. *Eleventh Annual Report, for the Fiscal Year July 1, 1946–June 30, 1947.* Des Moines: The Commission(?). 1947. 53 pp.

SCHMIDT, EMERSON P. "Experience Rating: Tax Savings and Other Benefits." *American Economic Security* (Chamber of Commerce of the U. S. A.), Washington, Vol. 5, Feb.–Mar. 1948, pp. 12–16. 15 cents.

Explains why the Chamber of Commerce favors experience rating.

W. E. UPJOHN INSTITUTE FOR COMMUNITY RESEARCH. *Full Employment in Your Community.* Chicago: Public Administration Service, 1947. 119 pp. $2.75.

Public Welfare and Relief

BRECKINRIDGE, ELIZABETH. "The Community Project for the Aged." *Public Aid in Illinois,* Chicago, Vol. 15, Feb. 1948, pp. 1–5 f.

The problems of Chicago's older people and ways of solving them.

HOEY, JANE M. "Public Assistance in 1948." *Journal of Social Casework,* New York, Vol. 29, Apr. 1948, pp. 123–130. 35 cents.

Outlines the progress made in public assistance during the past 12 years and discusses current trends in the light of the increasing cost of living.

HOEY, JANE M. "Role of Public Assistance in Community Services." *Public Welfare News,* Raleigh, N. C., Vol. 10, Dec. 1947, pp. 1–5.

HOWARD, DONALD S. "Public Assistance Returns to Page One." *Social Work Journal,* New York, Vol. 29, Apr. 1948, pp. 47–54. $2 a year.

Presents the criticisms made of the public assistance programs; in the July issue the author will examine the validity of the charges and respond to some of them.

LINFORD, ALTON A. "Social Security: Prop or Pillow?" *Social Work Journal,* New York, Vol. 29, Apr. 1948, pp. 55–62. $2 a year.

Answers many of the common charges made against public welfare programs in recent years.

MARTZ, HELEN E. *Citizen Participation in Government: A Study of County Welfare Boards.* Washington: Public Affairs Press, 1948. 63 pp. $1.

An examination of the day-to-day work of a group of citizen boards responsible for administering a public aid program on the local level. The author, who is a technical adviser in the Bureau of Public Assistance of the Social Security Administration, discusses the boards' major responsibilities and their relationships with county and local agencies, and draws certain conclusions.

OOSTERHOF, WILLIS M. "Medical Care Under Public Assistance in Michigan." *Michigan Welfare Review,* Lansing, Vol. 4, Apr.–June 1947, pp. 1–21.

A study showing the amount and type of care provided through public assistance agencies in 10 counties.

"Publication of Welfare Clients' Names and Assistance." *Kansas Government Journal,* Topeka, Vol. 34, Apr. 1948, pp. 18–25. $1.

"A research report showing policies and practices of all counties and a discussion of the authority for publication of budgets, receipts and expenditures."

"Summary of Welfare Trends." *Michigan Welfare Review,* Lansing, Vol. 4, Apr.–June 1947, pp. 22–23.

TEXAS. STATE DEPARTMENT OF PUBLIC WELFARE. *Report for the Fiscal Year September 1, 1946–August 31, 1947.* Austin: The Department, 1947(?). 50 pp. Processed.

Maternal and Child Welfare

DULA, JOHN E. "The Child Away From Home." *Journal of Social Casework,* New York, Vol. 29, Apr. 1948, pp. 130–135. 35 cents.

Discusses some of the basic principles now generally accepted in child welfare practice.

EWING, OSCAR R. "For Health, Education, and Welfare of Children and Youth." *The Child,* Washington, Vol. 12, Mar. 1948, p. 134. 10 cents.

Excerpts from an address before the National Commission on Children and Youth.

FENSKE, VIRGINIA. "State Protects Children Living Away From Their Own Homes." *The Child,* Washington, Vol. 12, Mar. 1948, pp. 135–137 f. 10 cents.

FINLAND. MINISTRY OF LABOR. *The State's Gift to the Mothers of Finland.* Helsinki: The Ministry, 1948. 48 pp.

Describes the maternity welfare activity during the past 10 years.

HALLOWITZ, DAVID. "The Separation Problem in the Child Care Institution." *Journal of Social Casework,* New York, Vol. 29, Apr. 1948, pp. 144–148. 35 cents.

Describes how children react to separation from their homes and the case-work process that is used in this experience.

PARKER, H. M. D. "Vocational Guidance for Juveniles in the United Kingdom." *International Labour Review,* Geneva, Vol. 57, Jan.–Feb. 1948, pp. 15–25. 50 cents.

Discusses the origin, aims, and functions of the Juvenile Employment Service.

Health and Medical Care

BAUER, LOUIS HOPEWELL. *Private Enterprise or Government in Medicine.* Springfield, Ill.: Charles C. Thomas, Publisher, 1948. 201 pp. $5.

Analyzes the deficiencies in our present system of medical care and suggests possible means of correcting them. Outlines the evolution of the voluntary insurance system; discusses the compulsory sickness insurance movement in the United States from 1910 through 1946; evaluates recent proposed legislation on health and medical care; and compares foreign medical systems with our own.

BLOOM, SOPHIA. "Some Economic and Emotional Problems of the Tuberculosis Patient and His Family." *Public Health Reports,* Washington, Vol. 63, Apr. 2, 1948, pp. 448–455. 10 cents.

FIELD, MINNA, and SCHLESS, BESSIE. "Extension of Medical Social Services Into the Home." *Journal of Social Casework,* New York, Vol. 29, Mar. 1948, pp. 94–99. 35 cents.

FOOTE, FRANKLIN M. "Public Responsibility for an Eye Health Program." *The Sight-Saving Review,* New York, Vol. 17, Winter 1947, pp. 228–235. 50 cents.

GRANT, JOHN B. "International Trends in Health Care." *American Journal of Public Health,* New York, Vol. 38, Mar. 1948, pp. 381–397. 70 cents.

Discusses a preliminary survey, made in 12 countries including the United States, of work and literature in the field of health care; includes a bibliography.

HOY, ELVIN A. "Recent Developments in Cash Sickness Insurance." *American Economic Security* (Chamber of Commerce of the U. S. A.), Washington, Vol. 5, Feb.–Mar. 1948, pp. 16–20. 15 cents.

Describes the Rhode Island and California programs as well as the proposed New Jersey plan.

JONES, E. LLOYD. "The Medical Care of Indian Labour." *Indian Labour Gazette,* Delhi, Vol. 5, Oct. 1947, pp. 217–222.

Considers the scope, cost, and future plans for medical care in India.

LINDSEY, FRED D. "The Extent of Government Health and Medical Care Activities." *American Economic Security* (Chamber of Commerce of the U. S. A.), Washington, Vol. 5, Feb.–Mar. 1948, pp. 21–29. 15 cents.

MALLETT, HELEN. "Is Federalized Medicine the Answer?" *The Trained Nurse and Hospital Review,* New York, Vol. 30, Jan. 1948, pp. 44–47. $2 a year.

MALMBERG, CARL. *140 Million Patients.* New York: Reynal and Hitchcock, 1947. 242 pp. $2.75.

Describes the present system of medical care in the United States, pointing out its limitations and its cost; and urges development of a plan to provide everyone with adequate medical care.

MCVAY, JAMES R. "Voluntary Prepayment Medical Care Plans." *New York Medicine,* New York, Vol. 4, Mar. 20, 1948, pp. 22–24. 15 cents.

Reviews the development of medical care prepayment plans and examines their potentialities.

"Progress of Health and Security Legislation in the United States." *International Labour Review,* Geneva, Vol. 57, Jan.–Feb. 1948, pp. 26–42. 50 cents.

"Rehabilitation of the Disabled in Mining Industries." *International Labour Review,* Geneva, Vol. 57, Jan.–Feb. 1948, pp. 43–61. 50 cents.

Gives the experience in rehabilitating injured miners in Czechoslovakia, Great Britain, Union of South Africa, and the United States.

SMILLIE, WILSON G. *Public Health Administration in the United States.* 3d ed. New York: Macmillan Company, 1947. 637 pp. $5.33.

WILSON, EUNICE W. "Social Service in an Eye Clinic and Its Relationship to Community Agencies." *The Sight-Saving Review,* New York, Vol. 17, Winter 1947, pp. 201–216. 50 cents.

WINSLOW, C. E. A. "Prevention of Blindness in a Public Health Program." *The Sight-Saving Review,* New York, Vol. 17, Winter 1947, pp. 187–193. 50 cents.

(*Continued from page 1*)

in the fourth quarter of 1947 than was the case in 1946. Some 2.6 million employers reported payment of taxable wages during the quarter, the highest number to date.

IN ALL FOUR TYPES of public assistance the number of recipients continued to increase slightly. The more marked upward trend evident since December in general assistance undoubtedly reflected the greater need which always exists during the winter months as well as the cumulative result of higher living costs. Average payments, if we ignore the inflated February averages that resulted from the retroactive payments made by Missouri in that month, also rose somewhat. Total public assistance expenditures for the month amounted to $138.4 million. This figure was $17.3 million greater than expenditures in March 1947 and about $414,300 greater than February expenditures, which were inflated by Missouri's retroactive payments of $2 million.

Congressional Study of Social Security

On March 11 the Senate provided additional funds for the study of social security that it had authorized in July 1947. Senate Resolution 202, introduced by Senator Millikin, chairman of the Senate Finance Committee, increased by $25,000 the amount available to the Advisory Council on Social Security for the current year. The Council, created to assist the Senate Finance Committee in a comprehensive study of the present social security system and of various proposals for its expansion, has made its first report to the Committee. The report, which deals with old-age and survivors insurance, is carried in part in this issue of the BULLETIN.

The House Committee on Ways and Means announced on March 15 the creation of a Subcommittee on Social Security. Representative Reed is chairman, and the other members are Representatives Woodruff, Kean, Curtis, Mason, Dingell, West, Mills, and Lynch.

Mississippi Passes Workmen's Compensation Law

As a result of Mississippi's enactment on April 13, 1948, of a workmen's compensation law, all States now have workmen's compensation programs. The Mississippi system, which goes into effect on January 1, 1949, is compulsory with respect to employers of 8 or more and permits employers who are otherwise exempt to elect coverage. A covered employer may either insure with a private insurance company or may self-insure by giving proof of ability to carry his own risk. Compensation for disability is payable at the rate of two-thirds of weekly wages, subject to a weekly benefit maximum of $25 and to over-all maximums of $8,600 in amount and 450 weeks in duration. The same maximums apply to death cases. Cost and duration of medical benefits are not limited.

(*Continued from page 31*)

which the contributions are based can fluctuate considerably from year to year and to a greater extent over a 5-year period as economic conditions change. For this reason, future variations in the range could well be expected to be smaller for estimated benefit payments than for estimated contribution income.

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The BULLETIN is for sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., to whom all purchase orders, with accompanying remittance, should be sent. Beginning with the June 1947 issue, the annual subscription is $2.00 in the United States, Canada, and Mexico and $2.75 in all other countries; price of single copy, 20 cents.

Issues of the SOCIAL SECURITY YEARBOOK, an annual calendar-year supplement to the BULLETIN, are sold separately by the Superintendent of Documents as follows: 1939, 50 cents; 1940 and 1941, 70 cents each; 1942, 50 cents; 1943, out of print; 1944, 50 cents; 1945, out of print; and 1946, 25 cents.

Social Security Administration Publications

Purchase orders for publications with prices listed should be accompanied by remittance in check or money order and addressed to the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. Requests for other publications listed should be addressed to the Social Security Administration.

Periodicals

Social Security Bulletin. Monthly. Subscription price, $2.00 in United States, Canada, and Mexico; $2.75 in all other countries. Single copies, 20 cents.

The Child. Children's Bureau. Monthly. Subscription price, $1.00 in United States, Canada, and Mexico; $1.25 in all other countries. Single copies, 10 cents.

Annual Report of the Federal Security Agency; Section One, Social Security Administration, 1947. 35 cents.

Social Security Yearbook, 1946 (Eighth annual supplement to *Social Security Bulletin.*) 25 cents.

Employment Security Activities. Bureau of Employment Security. Monthly. Processed.

Unemployment Compensation Interpretation Service—The Benefit Series. Bureau of Employment Security. Monthly. Subscription price, $3.50 a year; single copies, 30 cents.

Insured Unemployment. Bureau of Employment Security. Weekly. Processed.

Unemployment Insurance Claims. Bureau of Employment Security. Weekly. Processed.

Comparative Statistics of General Assistance Operations of Public Agencies in Selected Large Cities. Bureau of Public Assistance Monthly. Processed.

Reasons for Opening Cases for Assistance. Bureau of Public Assistance. Quarterly. Processed.

Reports

Principles Underlying the Prevailing Conditions of Work Standard. Bureau of Employment Security. Processed.

Proposals for Coordinating Guaranteed Annual Wages and Unemployment Insurance. Bureau of Employment Security. Processed.

Case Records in Public Assistance (Case Materials Selected From Public Welfare Agencies No. 1). Bureau of Public Assistance.

Staff Development Through the Administrative Processes (Current Practices in Staff Training, Illustrations From State Public Assistance Agencies No. 5). Bureau of Public Assistance.

Causes of Blindness Among Recipients of Aid to the Blind. Bureau of Public Assistance. 40 cents.

Characteristics of State Plans for Old-Age Assistance, Aid to the Blind, and Aid to Dependent Children. Bureau of Public Assistance. 35 cents. Supplement, 20 cents.

Analysis of Recent Group Annuities Supplementing Retirement Benefits Under Old-Age and Survivors Insurance. Office of the Actuary. Processed.

Illustrative U. S. Population Projection, 1946. Office of the Actuary. Processed.

Fifty Employee Benefit Plans in the Basic Steel Industry. Bureau of Research and Statistics. Processed.

The Principle of Equalization Applied to the Allocation of Grants-in-Aid. Bureau of Research and Statistics. 75 cents.

Social Insurance Financing in Relation to Consumer Income and Expenditures. Bureau of Research and Statistics. 45 cents.

Temporary Disability Insurance Coordinated With Unemployment Insurance. Bureau of Research and Statistics. 20 cents.

Pamphlets explaining the social security programs and the rights of individuals under these programs are available in limited quantities from the Administration's regional and field offices or from Informational Service, Federal Security Building, Washington 25, D. C.